NEW ECONOMICS FOUNDATION

# RETHINKING THE UK'S ROLE IN A FRACTURED WORLD

A COLLECTION OF ESSAYS BY BRITISH MPS

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# INTRODUCTION

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**The world feels more unsettled than at any point in recent decades. War has returned to Europe. Great-power rivalry has intensified. Climate impacts are accelerating faster than institutions can respond, and progress on ending extreme poverty is stalling. Meanwhile, the so-called rules-based international order is under greater threat than ever before, and from some of the very countries that helped establish and police it.**

Viewed through the lens of stabilisation and security, the UK has been an active player on the world stage in recent years. On Ukraine, it has shown leadership and resolve, mobilising diplomatic, military, and financial support in response to Russia's invasion. It has worked to stabilise alliances during a turbulent period in US politics and to manage the geopolitical fallout of fragmenting global trade, technology, and security, but has also taken consequential decisions to break with the US, particularly over war with Iran.

Yet this activity has been fundamentally defensive. It has been shaped by crisis management rather than agenda setting: responding to war, shoring up alliances under stress, or compensating for shocks generated elsewhere, notably during the Trump administration. These efforts have been necessary and, at times, effective, but they frame foreign policy as largely about stopping things from getting worse.

In his first major foreign policy statement, published on the day he was nominated to be the next leader of the Labour party, Andy Burnham, the prime minister argued: "We must rebuild Britain's hard power to face a darker world." Given all that is going on in the world, it is not surprising to see Burnham underline the importance of security and defence, but it was also reassuring to see him acknowledge the importance of being "guided by our values". His point is that: "Countries work with us not only because of what we bring to the table, but because they know what we stand for and what we stand against."[1] It is to that notion that this essay collection speaks.

Taken together, the contributions to this collection sketch an ambitious agenda for international cooperation. There is no doubt that the world is a dangerous and uncertain place at the moment. Still, there is also an opportunity to test new ideas and initiatives, to build the next generation of institutions and practices that will deliver a more just, equal and sustainable world. The essays in this collection are from a range of MPs across political parties, from new intake backbenchers to former ministers. The policies they propose are varied, but they also respond to a common constellation of factors – both threats and opportunities – that demand a rethinking of international cooperation. The essays are not exhaustive, but they do offer a range of concrete and workable ideas that can help the new prime minister, new foreign secretary and cabinet as they navigate the international context.

Just as this is a moment for a reset of the domestic agenda in the UK, so too might there be a chance for the UK to rethink international priorities and lead progress on such critical and tangible issues as energy security, illicit finance, polluter-pays levies, and wealth taxation.

## NAVIGATING THE GEOPOLITICAL CONTEXT

For all authors, the world feels more unsettled than at any point in recent decades. There are more armed conflicts now than at any time since the second world war[2]. The great multi-decade project of development and poverty alleviation is stalling in the face of the climate crisis and multiple energy, food, debt, and health shocks – and we are now in an era of eye-watering wealth inequality.

1. Burnham, A. (2026, July 8). We must rebuild Britain's hard power to face a darker world. *The Times*. https://www.thetimes.com/uk/politics/article/andy-burnham-defence-nato-investment-rebuild-bc7rnr5l5

2. Davies, S., Pettersson, T., & Öberg, M. (2026). Organized violence 1989-2025, and violent political protests. *Journal of Peace Research, xjag046*. https://academic.oup.com/jpr/advance-article/doi/10.1093/jopres/xjag046/8703754

Notably, these are no longer crises only affecting marginalised communities or lower-income countries (though of course there is far less to cushion impacts for those people) but there are real threats to the livelihoods and futures of citizens in the UK.

Against this, the rules, norms, and cooperative frameworks that emerged after the second world war, and were adapted again after the cold war, are under visible strain. Many of our authors talk of a return to an era of great power rivalry, characterised by economic domination and coercion. Most disorientating for UK policymakers has been the role of the US on the global stage in recent years. As Gareth Thomas writes in his essay: "The United States, the power that underwrote the post-war multilateral order, is now under an administration that treats that order with open contempt." And it is not just rules and institutions under threat. Alongside them is a threat to some of the core values that established the post-war project, not least – as Beccy Cooper writes powerfully – the concerted, organised counter-offensive against the rights of women and girls.

## A MIDDLE POWER, WITH A HISTORY THAT STILL MATTERS

Mark Carney, the former governor of the Bank of England and now prime minister of Canada, has helped crystallise the identity of the UK in this shifting world order. In his speech to the gathering at Davos in January 2026, he called to fellow "middle powers" to chart a new path of mutual resilience and coalition building[3]. It's an identity willingly adopted by many of our authors and seems to sit well with a UK that has long resisted being solely a European power; a country that can no longer define its foreign policy by the "special relationship" with the US to such a great extent; and the recognition that middle powers and their concerns span nations across the old divides of global north and global south.

This is not to say that the UK's history doesn't matter for our identity. Our responsibilities and opportunities are profoundly shaped by being a former colonial power and a key architect of the post-war order, which retains a permanent seat on the UN security council. Our role in the modern Commonwealth may now be one amongst equals, but, as our author Emily Darlington points out, the UK has invested the most and hosts the secretariat; therefore, we have a potentially outsize role in defining the political future of this institution.

3. Carney, M. (2026). *Davos 2026: Special address by Mark Carney, Prime Minister of Canada*. WEF. https://www.weforum.org/stories/forum-institutional/davos-2026-special-address-by-mark-carney-prime-minister-of-canada/

Our history as a part of the EU is recent, recent enough to still be a live debate. Although none of our authors is calling for re-joining, it's also clear from Gareth Thomas's essay that the status quo is undesirable. Finally, we should not forget our other identity of recent history, that of an "aid superpower". Fleur Anderson rejects the sense of inevitable decline in the development agenda and calls for a rolling 10-year framework with a credible pathway back towards 0.7% of gross national income. Crucially, she argues for an invigorated Department for Development and International Climate Action.

## REFRAMING SECURITY

It is not surprising that senior UK leaders have focused on how to navigate a dangerous world. For example, David Lammy's approach when he was deputy prime minister and foreign secretary was grounded in what he called "progressive realism", a pragmatic, sober recognition of the limits of the UK's influence in an unsettled and multipolar world.[4] Writing in July 2026, the former foreign secretary, Yvette Cooper, shared a similar approach, recognising that "the world is more dangerous than it has been for decades" and underlining the need to make our "country safer, our economy stronger and our people more secure".[5]

The authors in this collection seem to share a different framing. One that is not naïve about the world's problems or the threats to the institutions we have relied on, but that is, however, stubbornly determined that there can still be a confident, coherent vision of what the UK should be for in the next phase of international cooperation. Furthermore, they write that this vision can offer hope that things can be better and that progress remains possible. That's vital; without hope, citizens cannot be expected to invest in the sort of civic interaction, political engagement, and economic policies required to see a better future. As the saying goes, the arc of history is long but bends towards justice. That may be right, but the lives of men and women are not lived as arcs of history. They are lived in the here and now. Here and now leaders need to be able to show that they can work together to deliver policies that are human centred and can offer hope for tomorrow as well as for future generations.

4. Lammy, D. (2024). *The case for progressive realism.* https://www.davidlammy.co.uk/the-case-for-progressive-realism/

5. Cooper, Y. (2026). *Britain's place in the new world order.* Chatham House. https://www.chathamhouse.org/publications/the-world-today/2026-06/britains-place-new-world-order

RETHINKING THE UK'S ROLE
IN A FRACTURED WORLD
IS NOT A CALL FOR RETRENCHMENT
OR SCEPTICISM, OR TO BE FEARFUL
OF OUR INSECURE WORLD.
IT IS A CALL FOR RENEWAL

This sense of states such as the UK needing to work together to deliver for lives lived today comes across from many of our authors. Beccy Cooper, writing on the rights of women and girls, completely rejects the idea that gender justice can be put on the back shelf while the hard issues of security, economic development, or geopolitics take centre stage. Without constant commitment to gender justice, not only is a generation of women and girls being discarded, but the outcomes for all are weaker. Bobby Dean argues for a change in fiscal rules so that investing in the skills, health, or education of people today is seen as an investment in resilience and the long-term health of our economy just as much as any capital investment in infrastructure. Bayo Alaba, himself a former paratrooper, expertly lays out why UK defence investment cannot be held up against, and directly traded for, investment in poverty alleviation, defending human rights, and peacebuilding. Lives lived well today, with hope, are much less likely to be tomorrow's security threat.

Climate anxiety and climate grief are a growing experience, across all generations. It saps hope and is politicised to create dissatisfaction. We cannot ignore the climate emergency. But both Polly Billington and Ellie Chowns argue that this isn't necessarily a message of hardship and sacrifice today. As Billington makes clear, geopolitical instability and coercion leading to energy price shocks mean that this is not a choice between a comfortable fossil-fuelled future and an insecure world of renewables. No secure energy future exists without renewables, and now is the time to work together to see that come about. As Chowns lays out, this is actually a choice between allowing the record profits from fossil fuels to continue, or enacting a range of polluter-pays taxes to hasten the end of oil and gas and invest in public goods, at home and abroad.

## MAKING THE MOST OF THIS MOMENT

There are several reasons why the timing of this collection is critical. First, we are at a time of political shifts in the UK. A new prime minister, new ministers and their advisers will be looking for credible proposals that can underpin a refreshed international approach, ideas that are serious, deliverable, and politically defensible.

This collection is designed to speak directly to this moment.

Second, the UK would find itself in good company if it looked to collaborate with other progressive governments on global issues. Then deputy PM David Lammy represented the UK at the Barcelona Defence of Democracy summit in April 2026. This gathering of progressive political leaders demonstrates increasing willingness to chart a new narrative in global economic governance, underpinned by some tangible policy proposals.

It is far from the only "coalition of the willing" emerging, including those working together to phase out fossil fuels[6], raise solidarity levies on polluting activities[7], establish an International Panel on Inequality[8], and more.

Finally, we have our own moment to lead. The UK will hold the G20 in 2027 and is expected to hold the G7 presidency in 2028. This is a significant opportunity for the UK. The G20 remains the only forum that brings together advanced economies and major emerging powers at the highest political level. It is messy, contested, and imperfect – but it is indispensable. And its agenda is not predetermined. Host governments have real influence.

The UK will host the G20 following what is already proving to be a disruptive US presidency, in which many of the progressive initiatives that have been sidelined and almost all of the stakeholder engagement has been stopped. That context heightens both the risk of fragmentation and the need for credible leadership from other countries committed to cooperation.

Many of our authors contribute sharp, deliverable policy ideas for a UK-hosted G20 to take forward. For example, Liam Byrne proposes that the UK use its G20 presidency to revisit and progress the issue of designing a wealth tax that actually works and helps transform domestic resource mobilisation in countries both rich and poor. Joe Powell raises the bar on what can be achieved on illicit financial flows.

6. See the series of conferences for a Just Transition Away From Fossil Fuels. https://transitionawayconference.com/

7. The Global Solidarity Levies Taskforce, co-led by Barbados, Kenya, and France: https://solidaritylevies.org/

8. An initiative from the South African G20 presidency, led by Professor Joseph Stiglitz to create the first international scientific panel to assess inequality: https://www.wits.ac.za/news/latest-news/research-news/2026/2026-04/establishing-an-international-panel-on-inequality.html

This is the time, he writes, to finally require transparency from the UK's own crown dependencies and overseas territories, as well as a focus on property, to anonymous-owned properties in our cities, tax haven secrecy, and a world of "professional enablers". Polly Billington outlines a three-point G20 plan to deliver targeted support to help households and communities reduce energy demand and access cleaner energy; investment in grid infrastructure and distribution to unleash the revolution in renewables and electrification; and scaled-up finance for the most vulnerable countries.

Each proposal is framed with Whitehall and Westminster in mind: clear lines of responsibility, realistic timeframes, and routes to internationalisation through the G20 and other forums.

It is also worth noting that a focus on international policy and coalitions to drive change is not inconsistent with a drive for localism and radical devolution. Arguably, the system of multilateralism, which was only the preserve of nation states, is over. "National interest" was always the interest of the ruling elite in any one country. A modern foreign policy must take more seriously the negotiated national interest that takes place in democratic and multicultural societies, and decentralise its international relations. As Gareth Thomas writes in his essay, the UK would do well – with its leading cities and distinct nations and internationally renowned universities – to promote a more networked and agile approach, a "multilateralism from below".

## RETHINKING, NOT RETREATING

The title of this collection matters. Rethinking the UK's role in a fractured world is not a call for retrenchment or scepticism, or to be fearful of our insecure world. It is a call for renewal.

It argues that a more ambitious and principled UK approach to global cooperation is both necessary and possible. It means moving beyond defensive internationalism towards a clearer sense of direction. It means using moments like the G20 presidency not as ceremonial milestones, but as levers for reform. And it means backing values with policy, turning commitments into action.

This collection is part of a wider programme of work at the New Economics Foundation (NEF) that examines the future of global economic cooperation. As fractured as the world may seem at the moment, we are also witnessing the emergence of new ideas, new initiatives, and new norms. These essays highlight examples, such as the efforts at the G20 to create a tax on the super-rich and the

Global Solidarity Levies Task Force. At NEF, we are also excited by the emergence of numerous other initiatives, including the Borrowers' Club of highly indebted nations to work together to push back on predatory behaviour by creditors and the proposal for an International Panel on Inequality that would establish a trusted, scientific framework for designing policy to tackle inequality.

Amid all the uncertainty and disruption of the current context, these "coalitions of the doing" are working to make progress on issues where lowest common denominator multilateral action cannot. This collection, alongside a series of convenings in the UK and globally, is part of this effort to nurture new and better forms of economic cooperation.

At a time when global cooperation is under strain, the UK has a choice: to attempt to shore up the old or to help shape the future through leadership as well as strategic followership. The essays that follow are offered in the belief that the second path is both more demanding – and more worthwhile.

# REMAKING MULTILATERALISM: A VISION FOR THE UK IN THE EMERGING INTERNATIONAL ORDER


**Gareth Thomas MP**
Member of Parliament
for Harrow West

**The institutions that have governed global affairs since 1945 – the United Nations, Nato, the International Monetary Fund (IMF), the World Bank, the wider architecture of international law and cooperation – are under profound and simultaneous strain.**

Russia's aggression in Ukraine has shattered the European security settlement. Instability across the Middle East continues to grow. China's rise has produced a rivalry that cuts across every institution and every issue. And the United States, the power that underwrote the post-war multilateral order, is now under an administration that treats that order with open contempt. Climate change, artificial intelligence, mass migration, and democratic backsliding are reshaping the world in ways that existing multilateral frameworks were never designed to handle. If history had indeed ended, as some claimed[1], it has now roared back to life with force, conflict, and chaos.

The temptation in this environment is to conclude that multilateralism has had its day – that it faces a crisis of confidence, legitimacy, and effectiveness too deep to reverse. That conclusion would be catastrophic. But our response cannot simply be to defend what exists.

A genuinely Labour response must be more ambitious: not to preserve the multilateral system, but to remake it. The post-war generation understood that a stable international architecture was not an optional moral project. It was the precondition for everything that progressive governments wanted to achieve at home. We need to approach this task with the same boldness as our predecessors, underlined by a clear sense of purpose: to serve peace over conflict, negotiation over confrontation, cooperation over coercion.

## THE CASE FOR MULTILATERALISM

It is too easy to blame rising nationalism, populism, and transactional foreign policy alone for undermining confidence in international cooperation. We must be honest that multilateral institutions have too often been distant, opaque, and ineffective.

The failures are real: Rwanda, Srebrenica, the inability to prevent atrocities in Syria, paralysis in the UN security council, the outdated power structures of the IMF and the World Bank. Collectively, this feeds a legitimate scepticism; many countries have reasonable grounds to question whether global institutions truly represent their interests.

1. Notably, Fukuyama, F. (2012). *The end of history and the last man.* Penguin Books.

But these failures should not obscure the extraordinary achievements of the past 80 years. European integration transformed a continent historically defined by war into one characterised by unprecedented peace and prosperity. The Universal Declaration of Human Rights established a shared moral framework for international law and human dignity. The Montreal Protocol successfully addressed ozone depletion. Gavi vaccine partnerships have saved millions of lives. International pressure helped end apartheid in South Africa. Development financing has reduced extreme poverty across many regions. Debt relief initiatives, gender equality treaties, and climate agreements all emerged through multilateral cooperation. These achievements did not happen by accident – they required sustained international cooperation, imperfect institutions, and patient diplomacy.

DESPITE ITS FAILURES, MULTILATERALISM REMAINS THE WORLD'S MOST EFFECTIVE TOOL FOR MANAGING SHARED CHALLENGES PEACEFULLY AND DEMOCRATICALLY.

The lesson is not that the multilateral institutions of the post-war era were perfect. They reflected the power imbalances of their time. The lesson is of strategic ambition at a moment of disorder. Despite its failures, multilateralism remains the world's most effective tool for managing shared challenges peacefully and democratically.

Why then has public confidence eroded? Partly because the case for multilateralism has rarely been made in terms that connect to people's daily lives. For a family in Harrow or Hartlepool, the argument that the UK needs functioning international institutions can sound abstract to the point of irrelevance. It shouldn't. International commodity markets and trade agreements shape the price of food in British supermarkets. Global supply chains and international energy policy determine our energy bills. NHS procurement depends on global pharmaceutical supply networks. British jobs depend on international regulatory frameworks and trade rules. Climate change will affect every aspect of British infrastructure, agriculture, and public health in the coming decades.

A Labour government case for multilateralism must make this domestic connection explicit. International cooperation is not an elite project conducted in Davos or Geneva. It is the framework within which the material conditions of British working life are determined.

## UK STRATEGIC INTEREST

The UK's modern strengths on the world stage are not suited to a world of raw power. They flourish when international rules and institutions are strong. We still retain a world-class diplomatic service; credible intelligence and military capabilities; a globally respected legal and financial system; extensive soft power through universities, media, culture, and language; advanced scientific institutions; and deep development and humanitarian expertise. Mark Carney captured the stakes precisely: middle powers are "the countries that have the most to lose from a world of fortresses and most to gain from genuine cooperation"[2].

This is why a functioning multilateral system is not an optional moral project for the UK – it is a core national interest.

For a Labour government, the answer is grounded in both principle and pragmatism. Cooperation, solidarity, equality, democracy, human rights, and the rule of law are not only intrinsic to our party's values, but essential to shaping a more stable and just international order. These principles must form the foundation of a system capable of delivering peace, prosperity, and democratic resilience.

## WHAT THIS GOVERNMENT HAS ALREADY DONE - AND WHY IT MUST GO FURTHER

Since taking office, Labour has maintained and strengthened Britain's commitment to Nato, re-engaged seriously with the European Union, and renewed Britain's emphasis on climate diplomacy. These are not trivial steps. After years in which the UK's international credibility was significantly damaged, this government has begun rebuilding trust.

But a strong beginning is not enough. Some early decisions, such as the further cut to the aid budget and uncertainty about the makeup and level of our defence spending, have complicated the task of rebuilding the UK's international standing. If Labour is serious about shaping the future international system rather than simply stabilising the UK's position within a declining one, it must go considerably further.

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2. Carney, M. (2026). *Davos 2026: Special address by Mark Carney, Prime Minister of Canada*. WEF. https://www.weforum.org/stories/forum-institutional/davos-2026-special-address-by-mark-carney-prime-minister-of-canada/

## A RULES-BASED ORDER

Labour must continue to champion international law, democratic governance, human rights, and the peaceful resolution of disputes, not as abstract ideals, but as practical foundations for stability in a more dangerous world. As some states increasingly test shared norms, maintaining an open, rules-based order will depend on active cooperation between countries that still believe in it.

The credibility of the rules-based order has been damaged by the perception, often grounded in experience, that international rules are applied selectively. If Britain is to be taken seriously as a defender, it must demonstrate that its support for international law is not conditional or convenient, including when it is politically difficult to do so.

## A MODERN MULTILATERALISM: REFORM AND RENEWAL

A modern multilateralism cannot simply preserve institutions. Britain should champion reform rather than defend the status quo.

Reforming the institutions of multilateralism must go beyond efficiency drives. Supporting the UN80 reforms[3] is important for improving coordination, reducing duplication, and strengthening the UN's ability to respond to crises; but efficiency reforms alone will not tackle the deeper pressure facing the international system.

We should also advocate for more effective international financial institutions, including governance reforms that better reflect the economic and demographic weight of emerging economies, while strengthening Nato's European pillar as American commitment becomes less predictable. A more capable Europe is essential not to replace the US, but to ensure the long-term resilience of the alliance.

At the same time, we need to support serious debate around reform of the UN security council itself. The paralysis created by the veto system has meant that conflicts in Gaza, Sudan, and Ukraine have gone unanswered by meaningful collective action, undermining confidence in the UN's authority.

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3. The UN80 Initiative is about "building a simpler, more effective and more coherent UN System" see https://www.un.org/un80-initiative/en

More fundamentally, if international institutions continue to be seen as structurally unequal, global support for them will continue to erode. That means engaging seriously with proposals for expanded representation for African states and emerging powers, alongside a more transparent and inclusive process for selecting the next UN secretary general, as a signal of commitment to genuinely representative multilateralism.

## THE G20 OPPORTUNITY

The UK's presidency of the G20 in 2027 – and then the G7 in 2028 – are opportunities for the UK to lead the rebuilding of a consensus for what the UN is for. The UK should use these presidencies to kick-start the process of agreeing a set of global goals for people and planet, before the Sustainable Development Goals expire in 2030. While the G20 and G7 are insufficient forums for establishing these global goals themselves, the UK's presidencies are an opportunity that should not be missed to ignite the process. Any thinking here must be underlined by serious consideration of commitments for development financing.

Defending institutions will not, on its own, inspire citizens to believe in multilateralism. It is better to show than tell what cooperation can achieve, by focusing on a discrete and tangible goal. The REACH programme (Reaching Every Child in Humanitarian Settings), through which Gavi and the International Rescue Committee have closed the immunisation gap for a million children in conflict settings at a cost of just one dollar per dose, shows what is possible at small scale. The UK's forthcoming G20 presidency could aim to pool $1bn towards an ambitious multi-year roll-out to immunise a billion children living in fragile states; an initiative that would serve both Britain's strategic interests and Labour's values.

## FLEXIBLE COALITION BUILDING

The future of international cooperation must also involve flexible coalitions working through and alongside formal institutions. Large multilateral bodies can struggle to act quickly. Progress increasingly comes from networks of states, cities, businesses, and civil society organisations working together on specific goals – a form of "multilateralism from below".

The C40 network of cities on climate action demonstrates what subnational cooperation can achieve at scale. Similar dynamics are visible in scientific research collaboration, public health networks, and anti-corruption partnerships.

The UK is exceptionally well placed to leverage this networked model. We are home to some of the world's great convening cities. British universities, research institutions, and civil society have deep connections across every region of the world. A Labour government should invest in this layer of international cooperation as a strategic asset, supporting British mayors and regional leaders in participating in international networks and funding connections that sustain cooperation even when formal governmental relationships are difficult. Progress on pandemic preparedness, anti-corruption standards, and climate finance requires not universal agreement but a critical mass of willing partners moving in the same direction.

A global agenda for devolution could provide a framework to internationalise some of the ideas expressed through "Manchesterism". Outside of the UK's over-centralised system, significant power is more often devolved to local leadership and communities. The UK's decision to cut Foreign, Commonwealth and Development Office (FCDO) support for this type of programming is disappointing. A refocusing of FCDO priorities ahead of the G20, placing greater emphasis on the U20 and other subnational diplomatic networks within the UK's international engagement, would offer a meaningful opportunity for the Labour government.

## TECHNOLOGY GOVERNANCE AND DIGITAL ORDER

Climate change will undoubtedly define geopolitics over the coming century; elsewhere in this collection, my colleague Polly Billington has written a compelling argument for urgent multilateral cooperation on energy security. However, if there is one area where the gap between the pace of change and the capacity of international governance is acutely dangerous, it is emerging technology. AI, cyber conflict, and digital infrastructure are reshaping geopolitics at a speed that existing institutions were never designed to manage. The concentration of power in a small number of technology companies creates vulnerabilities that no single state can effectively address alone. The window to shape international norms before they are set by the largest powers or most powerful firms is closing fast.

A Labour government should build on and use the scientific consensus the UN is working towards with the global dialogue on AI governance and the first report from the independent international scientific panel on AI[4] to pursue a democratic technology pact. This would be a coalition of like-minded states committed to implement shared minimum standards on AI safety, cyber norms, and digital rights. The purpose would be to establish agreed rules early, before technological development outpaces governance entirely, and to embed principles of transparency, accountability, and rights protection into the foundations of the digital order.

## OUR STRATEGIC PARTNER: EUROPE

No serious British multilateral strategy can succeed without closer engagement with Europe. Too often, conversations about the EU devolve into relitigating Brexit, which harms our ability to work honestly with our closest neighbours.

Labour should pursue deeper security cooperation, closer scientific and educational partnerships and better trading relationships, greater coordination on climate and migration, and stronger participation in European diplomatic forums. This is not about reopening constitutional questions but about recognising that British and European interests are substantially aligned and that acting together amplifies both.

## BRITAIN'S FOREIGN POLICY CAPACITY

None of this is achievable without rebuilding Britain's foreign policy machinery, recognising that, at present, it is less than the sum of its parts. The merger that created the FCDO brought diplomacy and development under one roof but produced an institution with diluted focus, competing priorities, and insufficient capacity to do either job properly. Separating those functions – restoring a dedicated development department alongside a strengthened diplomatic service – would correct this and give the UK the operational base to make its multilateral commitments real. As my colleague Fleur Anderson MP argues elsewhere in this collection, strategic ambition requires the institutional capacity to match it.

4. United Nations (2026) *Preliminary Report of the Independent International Scientific Panel on AI: Evidence-based assessment of opportunities, risks and impacts of artificial intelligence* https://www.un.org/independent-international-scientific-panel-ai/sites/default/files/2026-07/en_Preliminary%20Report_.pdf

Nowhere is this more urgent than on climate. No department currently has the dedicated capacity to lead on international climate adaptation and mitigation at the scale the moment demands. A revived department with an explicit international development and climate mandate would fill that gap, signalling that Britain's commitment to climate multilateralism is backed by serious investment, expertise and capacity.

## THE CHOICE AHEAD

It is worth remembering where we were when the post-war multilateral order emerged. Britain in 1945 was exhausted, heavily indebted, and facing a rapid change in its place in the world. The Attlee government was simultaneously constructing the NHS, nationalising industries, and managing the early Cold War. And yet it found the strategic energy to help design Nato, to shape the UN, and to participate in the construction of the international institutions that would govern the global economy for decades.

The Attlee government understood that rebuilding international order was the precondition for progressive politics at home, and that it was a strategic mission as much as a moral one. The same logic applies today. We helped birth the post-war settlement. The question is whether this Labour government will bring the same ambition to remaking it for the century ahead or simply aim to manage decline and call it strategy.

# WHY GENDER EQUALITY MUST DRIVE THE UK'S INTERNATIONAL AGENDA

**Dr Beccy Cooper MP**
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## AGAINST THE TIDE: GENDER EQUALITY UNDER PRESSURE

**There is a coordinated assault underway on women's rights. Not a setback, not the usual friction of slow progress, but an organised, deliberate counter-offensive. Anti-gender movements worldwide are emboldened across cultural, political, and institutional spaces, targeting not only women's rights but the broader architecture of gender equality, including the rights of LGBTQ+ people and the organisations that defend them.**

This backlash is unfolding as the countries that once anchored international commitments are stepping back. Official development assistance (ODA) is declining across donor countries, including our own. The gutting of USAID has dismantled one of the largest sources of development support in the world; the scale of this withdrawal is compounded by ideological conditions attached to what remains. The paradoxically named "Promoting Human Flourishing in Foreign Assistance" policy, an expansion of the "global gag rule", restricts what can be funded across sexual and reproductive health, and extends ideological conditions into gender equality and LGBTQ+ rights more broadly.[1]

This is not simply a debate about values. It is about whether the systems that sustain women's lives – health infrastructure, schools, water systems, legal protections, humanitarian support – continue to function. And beyond this, whether the conditions are created for women not only to endure, but to exercise agency, pursue opportunity, and to flourish.

The UK is not standing still. In May 2026, the government published its International Strategic Framework on Women and Girls, a welcome commitment to gender equality as a foreign policy priority. But a framework is only as strong as the commitment behind it. The previous government's abolition of the Department for International Development and cuts to ODA, compounded by the further reduction to the aid budget in 2025, continue to hold this agenda back.

GENDER EQUALITY IS NOT A DOWNSTREAM OUTCOME OF SUCCESSFUL DEVELOPMENT; IT IS A PRECONDITION FOR IT.

1. For a summary of impacts see Daigle, M., Michalko, J. (2026, February 26). Why everyone should care about Trump's new global gag rule. *ODI Global.* https://odi.org/en/insights/why-everyone-should-care-about-trumps-new-global-gag-rule/

I have spent my entire professional life working on public health. What that work teaches you, above almost everything else, is this: you cannot build functioning health systems, stable societies, or resilient economies while treating half the population as an afterthought. Gender equality is not a downstream outcome of successful development; it is a precondition for it.

## WHAT THE BACKLASH REVEALS: THE SYSTEMIC BARRIERS STILL FACED BY WOMEN AND GIRLS

The temptation may be to treat the current moment as aberrant, a temporary deviation that will self-correct if progressive governments simply hold the line. This would be a mistake.

The truth is gender equality was never sufficiently embedded in the architecture of international development. Too often it was bolted on as a results-framework target or a paragraph in policy documents.

ODA has supported millions of women and girls, but too often that support has remained concentrated in discrete, time-limited programmes. That leaves women disproportionately exposed when budgets contract, with programmes focused on gender equality frequently among the first to face cuts. Meanwhile, alternative flows of capital such as infrastructure finance, agricultural support, and private investment have continued to reach women far less reliably than men.

A girl born today in a fragile, low-income state enters a world shaped by overlapping systems: the social norms of her community, the strength of her country's health infrastructure, the economic pressures on her household, the availability of education, the stability of its institutions, and the international funding that supports, or fails to support, the gaps domestic resources cannot close.

## EDUCATION

Whether a girl remains in school depends on far more than the existence of a classroom. When household incomes collapse, girls are disproportionately the first to be withdrawn from education. Early marriage competes with continued schooling. Inadequate sanitation creates practical barriers to attendance. And as international education funding contracts, access narrows further.

Yet the returns on girls' education are dramatic: higher lifetime earnings, lower rates of child marriage, greater political participation, and even better health outcomes for the next generation. Women are the primary healthcare decision-makers in most households, and children of mothers with no formal education are 28% less likely to be fully vaccinated than those whose mothers received at least primary education[2]. Investment in girls' education is, by another route, a public health intervention.

These outcomes do not accrue automatically. They depend on the sustained presence of the systems, schools, teachers, sanitation, and social protection that allow girls to stay.

## MATERNAL, REPRODUCTIVE, AND WOMEN'S HEALTH

Strong health systems and gender equality are mutually reinforcing. You cannot build one without the other.

The health of a pregnant woman, and the services available to her, shape outcomes that affect children's lives before they have even begun, with poor maternal health writing disadvantage into the next generation at the point of birth. Maternal mortality remains one of the starkest global inequalities, concentrated in low-income and fragile states, shaped by weak health systems, poverty, distance from care, and the social conditions that determine whether women seek and receive treatment at all.

Nutrition is inseparable from this picture. In low- and middle-income countries, pregnant women routinely lack access to the quality of prenatal diet that is standard elsewhere. Over 1 billion women and girls suffer from malnutrition[3], with those in the poorest regions bearing the greatest burden, and the consequences compound across generations.

Sexual and reproductive health and rights (SRHR) are governed by the same logic. Where services exist, women exercise greater control over their bodies, their pregnancies, and their lives; where they are absent or underfunded, that control collapses. SRHR is being actively recast in ideological terms.

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2. Ali, H., Hartner, A., Echeverria-Londono, S., Roth, J., Li, X., Abbas, K., Portnoy., Vynnycky, E., Woodruff, K., Ferguson, N., Toor, J., & Gaythorpe, K. (2022). *Vaccine Equity in Low and Middle Income Countries: A Systematic Review and Meta-analysis*. Imperial College London. https://www.medrxiv.org/content/10.1101/2022.03.23.22272812v1.full.pdf

3. United Nations Children's Fund (UNICEF). (2023) *Undernourished and Overlooked: A Global Nutrition Crisis in Adolescent Girls and Women.* UNICEF Child Nutrition Report Series, 2022. https://data.unicef.org/resources/undernourished-and-overlooked/

When major donors withdraw funding or attach conditions to what remains, the consequences are immediate and concrete: clinics close, providers lose capacity, and services without alternative financing disappear.

Underlying all of this is a global health workforce that remains critically understaffed. Without the midwives, nurses, and community health workers needed to sustain basic services, the systems that deliver care, from contraception and sexual health services to safe pregnancy and childbirth, cannot function.

## VIOLENCE AGAINST WOMEN AND GIRLS

Violence against women and girls is not simply a consequence of poverty or instability, nor is it confined to fragile or low-income states. It is a broader social and structural problem that cuts across contexts, a mechanism through which exclusion is produced and sustained.

Domestic violence, female genital mutilation, child and forced marriage, trafficking, and sexual exploitation each foreclose options and compound one another. A girl withdrawn from school is more vulnerable to early marriage. A woman experiencing domestic violence is less able to access healthcare or economic opportunity. The risks fall hardest on those facing intersecting disadvantages: displacement, disability, ethnicity, religious identity, poverty.

What systems determine is not simply whether violence exists, but whether the institutions that respond to it are adequately resourced, and whether the women-led organisations, best placed to shift social norms, have the sustained support to do so.

## CONFLICT AND DISPLACEMENT

When conflict arises, existing inequalities are not merely preserved; they are intensified and weaponised.

Conflict-related sexual violence is used deliberately to terrorise populations, fracture communities, and drive displacement. It is not incidental to modern warfare but a strategy: rape used as a weapon.

The collapse of health systems, schools, and water infrastructure which accompanies conflict falls hardest on women and girls, because they are both disproportionately dependent on these services and responsible for sustaining them when formal institutions fail. Displacement compounds this further: reduced access to essential services intensifies pressure on caregiving roles, concentrating the burden of crisis on women.

Women are not only victims of conflict. They are consistently among the first to organise humanitarian response under conditions of extreme danger, and among its most effective resolvers.

## THE CASE FOR A FEMINIST INTERNATIONAL AGENDA

The evidence base for investing in gender equality is substantial and consistent, reflected in its status as a UN sustainable development goal. Educating girls raises gross domestic product (GDP). Women's economic participation is among the strongest predictors of national prosperity. Gender-responsive governance produces stronger outcomes across public health, education, and economic resilience.[4]

But there is a problem with a narrative that rests exclusively on the instrumental case. If women's rights are justified only through their economic returns, they become contingent on those returns – something to be traded off when budgets tighten. Women are not economic multipliers. Their rights do not depend on productivity metrics or the convenience of the political moment. The case for gender equality is both instrumental and intrinsic; we need to be prepared to hold this line, even if it becomes politically costly to do so.

This distinction matters practically. It determines what a government is prepared to defend under pressure, and on what grounds.

A world in which women cannot access reproductive healthcare, in which girls are withdrawn from school during economic crisis, in which sexual violence is used systematically in conflict, that world is not stable, not prosperous, and not in the UK's long-term interests by any serious definition of that term. A feminist international agenda is not idealist, but strategic, producing durable peace, resilient health systems, and stable societies.

## SOLIDARITY, NOT CHARITY

The dominant development model still risks positioning women in the global south primarily as recipients of generosity. This is both politically patronising and practically wrong.

Women's rights organisations and feminist movements are not auxiliary to development. They are among its most effective actors, yet consistently among the first to lose funding when aid budgets contract.

4. UN Women. (2024). *Facts and figures: Economic empowerment.* https://www.unwomen.org/en/articles/facts-and-figures/facts-and-figures-economic-empowerment

They are invited into policy spaces for representation rather than expertise. They are asked to implement programmes designed without them.

When we talk about partnership, this cannot mean government-to-government engagement alone, particularly where those governments are hostile to gender equality. Real partnership means working with the civil society organisations that are pushing for change from within communities; it means learning across, not just giving down.

Solidarity also means being present and vocal where policy is shaped. The UK has real influence in the UN security council, the G7, and multilateral health and development forums. That influence should be used proactively, to challenge the rollback on gender equality.

## WHAT A LABOUR GOVERNMENT SHOULD DO

The task now is to match our ambitions and values with the political will necessary. This means going beyond defending existing commitments, and building approaches that can withstand budget cycles, machinery-of-government changes, and shifts in ministerial priorities.

## WOMEN'S HEALTH

The UK should be explicit and unapologetic leaders, treating women's health, from nutrition and maternal care to SRHR, as a central pillar of global health programming.

The UK's strategic framework is explicit in its commitment to SRHR.[5] At a moment when other major donors are actively and ideologically restricting what can be funded, that commitment is strategically vital. The UK should position itself as a direct counterweight: funding SRHR programmes ambitiously, defending reproductive rights in every relevant multilateral forum, and refusing to allow the agenda to be defined by the most restrictive actors in the room. We should use our position and influence within the UN to ensure that reforms – such as the proposed merger between the UN Population Fund (UNFPA) and UN Women – do not dilute their mandates, both of which are essential to protecting women's rights and advancing gender equality.

**5.** Foreign, Commonwealth and Development Office (2026) *UK International Strategic Framework on Women and Girls 2026*. Paragraph 35. https://www.gov.uk/government/publications/uk-international-strategic-framework-on-women-and-girls-2026/uk-international-strategic-framework-on-women-and-girls-2026

On nutrition, the UK should prioritise the interventions with the clearest evidence base. Treatments such as multiple micronutrient supplements and ready-to-use therapeutic food are proven, cost-effective tools for reducing maternal anaemia, supporting healthy pregnancies, and addressing acute malnutrition in young children.[6] Addressing malnutrition sustainably also means investing in the conditions that prevent it: food security, agricultural systems that empower women, and economic autonomy. Treatment and prevention must work together.

## WOMEN'S INCLUSION IN CONFLICT AND PEACEBUILDING

Women's meaningful inclusion must be integrated into conflict prevention and peacebuilding as a structural requirement, in UK bilateral spending, in multilateral diplomacy, and in the conditions attached to reconstruction finance. Not token representation, but substantive participation in negotiation and implementation, resourced and protected accordingly.

## ACCOUNTABILITY

Solidarity without accountability is sentiment. The UK should establish formal mechanisms through which women's rights organisations, and LGBTQ+ groups can participate meaningfully in the implementation, monitoring, and reviews of our international programmes. This means genuine, structured involvement in shaping what we do, tracking whether it is working, and holding the government to account when it falls short.

We should further ensure transparency on the proportion of bilateral ODA reaching local women's rights organisations and use its influence in multilateral institutions to push for stronger direct funding and localisation. Funding must reach the frontline.

In an era of growing scrutiny of international spending, strengthening accountability in this way is critical for both recipient countries and domestic audiences.

6. Verney, A. M. J. , Busch Hallen, J. F. , Walters, D. D. , Rowe, S. N. , Kurzawa, Z. A. , & Arabi, M. (2023). Multiple micronutrient supplementation cost–benefit tool for informing maternal nutrition policy and investment decisions. *Maternal & Child Nutrition, 19, e13523*. https://doi.org/10.1111/mcn.13523

## A MOMENT THAT DEMANDS MORE THAN SYMPATHY

The rollback underway on women's rights and gender equality is not accidental. It is organised, it's well-resourced, and it's working. The question for our government is not whether to respond, but whether the response matches up in scale.

Under Labour, the UK is in a better position to answer that question seriously, and the strategic framework represents a genuine commitment.

Development that does not centre gender equality does not work. A world that systematically fails women and girls is less stable, less healthy, and less resilient. The task now is to match our values and ambitions to the institutions, the resources, and the sustained commitment to make it count.

# RETHINKING DEFENCE AND DEVELOPMENT: TWO SIDES OF THE SAME COIN

**Bayo Alaba MP**
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**By almost every measure, the world is becoming increasingly unpredictable. The number of active armed conflicts is at its highest level since the second world war.[1] Russia's invasion of Ukraine has returned major war to Europe. Russia's aggression now extends well beyond the battlefield: through cyberattacks, disinformation, and threats to critical infrastructure. Terrorist networks continue to exploit state fragility. The US-Iran conflict is causing global disruption as well as localised instability, and a secure future for Israeli, Palestinian, and Lebanese people remains uncertain. Climate change is accelerating displacement, intensifying competition over resources, and deepening instability across entire regions. These are not separate crises. They are symptoms of a world in which insecurity is increasingly interconnected. Conflict, weak governance, economic fragility, and climate shocks reinforce one another, creating risks that no border can contain.**

To its credit, this Labour government has recognised that the UK must respond. The commitment to increase defence spending to 2.5% of gross domestic product (GDP) reflects the reality that the relative peace of the post-Cold War era, however imperfect, has ended.

In a more dangerous world, credible military capability matters. But military capability alone is not a national security strategy. The decision to reduce official development assistance (ODA) from 0.5% to 0.3% of gross national income (GNI) to help fund higher defence spending rests on a false choice. It assumes that development and defence are competing priorities when, in reality, they are complementary instruments of shared security. Defence responds to crises after they emerge; development helps prevent the conditions in which they arise.

By treating aid as expendable to strengthen defence reflects a too narrow conception of security. If the UK is serious about building long-term resilience in a more unstable world, it must stop treating development as a moral luxury and start recognising it as a strategic necessity.

1. Davies, S., Pettersson, T., & Öberg, M. (2026). Organized violence 1989–2025, and violent political protests. *Journal of Peace Research, xjag046*. https://academic.oup.com/jpr/advance-article/doi/10.1093/jopres/xjag046/8703754?login=false

## WHAT DEVELOPMENT ACTUALLY DOES

Development policy should not be reduced to an instrument of national security. Its primary purpose is to reduce poverty, expand opportunity, and support countries in building more prosperous, resilient societies. Those objectives matter in their own right. Framing development solely through the language of strategic competition or military advantage risks distorting both its purpose and its practice.

But recognising development's intrinsic value does not mean ignoring its strategic consequences. Poverty alone does not cause conflict. The evidence points instead to a more complex picture. Where deep economic inequality overlaps with political exclusion, weak institutions, and limited access to public services, the risk of instability rises significantly. It is these conditions – marginalisation, grievance, and institutional failure – that create opportunities for violent conflict to emerge and endure.

Development policy addresses those risks in two ways. First, through targeted conflict prevention: supporting peacebuilding, mediation, community reconciliation, disarmament and reintegration, and the participation of women in peace processes. Yet these programmes have steadily lost priority. UK spending on peacebuilding and conflict prevention fell from around 4% of the aid budget in 2016 to just over 1% by 2023,[2] despite a global rise in violent conflict.

DEFENCE RESPONDS TO CRISES AFTER THEY EMERGE; DEVELOPMENT HELPS PREVENT THE CONDITIONS IN WHICH THEY ARISE.

Second, development, when done well, invests in the foundations of long-term stability. Strong health systems, quality education, reliable water and sanitation, accountable public institutions, and inclusive economic opportunities improve lives, but they also strengthen the relationship between citizens and the state. They increase societies' capacity to withstand economic, political, and climatic shocks and reduce the conditions in which armed groups can flourish. As aid budgets have contracted across many donor countries, these preventative investments have become increasingly constrained.

2. Mercy Corps & Saferworld. (2026). *Time to turn around II: Rebuilding UK conflict prevention leadership*. Saferworld. https://www.saferworld-global.org/resources/publications/1456-time-to-turn-around-ii-rebuilding-uk-conflict-prevention-leadership

None of this suggests that development can eliminate terrorism or guarantee stability. Those claims overstate what aid can achieve. The stronger argument is also the more credible one: development reduces structural vulnerabilities that make conflict more likely and strengthens the institutions and relationships that make peace more sustainable. It expands the policy options available before military intervention becomes necessary.

This contribution, however, depends on how development is delivered. Programmes that fail to account for local politics and conflict dynamics can unintentionally reinforce exclusion, empower vested interests, or exacerbate existing tensions. Conflict sensitivity is therefore not an optional add-on but a prerequisite for effective development policy. Understanding development in this way does not diminish its humanitarian purpose. Rather, it recognises that reducing poverty, strengthening institutions, and building more resilient societies are not separate from national security, but among its most enduring foundations. A government that wants to prioritise long-term security should see development neither as a substitute for defence, nor as its justification, but as one of the conditions that makes defence less likely to be needed.

## THE LIMITS OF MILITARY POWER

Recognising development as part of a broader security strategy does not diminish the importance of defence. It is quite the opposite. The lesson of recent years is that the UK needs both. Ukraine has ended any illusion that hard power no longer matters. Deterrence matters. Territorial defence matters. Nato matters. The decision to increase defence spending is the right one.

But military power has limits. Armed forces can deter aggression, defend territory, and create the conditions in which political settlements become possible. Armed forces cannot, by themselves, build legitimate institutions, restore trust between citizens and state, or create the economic opportunities on which lasting stability depends. Those are political challenges. They require different capabilities, expertise and, above all, sustained engagement beyond the battlefield.

This distinction matters because effective security policy is not about asking one instrument to do the job of another. It is about ensuring each performs the role for which it is best suited. The UK's Integrated Security Fund (ISF) was established on precisely this logic. By bringing together diplomacy, development, and security expertise, the ISF and its predecessor, the Conflict, Stability and Security Fund (CSSF), has supported peace agreements in Colombia and the Philippines and helped reduce recruitment into armed groups in countries including Nigeria and Syria.[3] It reflects a recognition that preventing instability is often less costly, financially and strategically, than responding once violence has taken hold.

Recent changes risk moving in the opposite direction. The ISF has faced repeated budget reductions while its priorities have shifted increasingly towards responding to immediate threats, from Russia and Iran to terrorism and serious organised crime. Those challenges are real, and they demand our attention. But if resources are concentrated exclusively on managing today's crises, there is less capacity to reduce the conditions from which tomorrow's crises emerge. The removal of women, peace and security programming from the ISF illustrates this broader shift away from prevention.

The question is not whether the UK should choose between defence and development. It is whether its security strategy is balanced across the full spectrum of the challenges it faces. Military capability remains indispensable. But so too does the capacity prevent conflict before armed force becomes necessary. A genuinely strategic approach requires both.

## THE DANGER OF SECURITISING DEVELOPMENT

There is, however, an important qualification. If the argument for development is made solely in terms of national security, there is a danger that development policy becomes subordinate to security policy. That would be a strategic mistake.

Development is most effective when it is trusted by the communities and governments with which it works. That trust is built over time through long-term partnerships, local ownership, and a clear commitment to reducing poverty and strengthening institutions. When development programmes are redirected primarily towards short-term security objectives, whether migration management, counter-extremism, or geopolitical competition, that trust can erode. Programmes become more reactive, relationships become more transactional, and the qualities that make development more effective gradually weaken.

3. GOV.UK. (2024). *Conflict, Stability and Security Fund annual report 2023 to 2024.* https://www.gov.uk/government/publications/conflict-stability-and-security-fund-annual-report-2023-to-2024/conflict-stability-and-security-fund-annual-report-2023-to-2024

This is not an argument for separating development and security into entirely different worlds. The two inevitably overlap, and they should inform one another. But they perform different functions and operate according to different logics. Development generates its greatest strategic value precisely because it is not designed as an extension of military or foreign policy. Its credibility depends on being guided by local need, evidence, and long-term partnership rather than by the immediate priorities of the security agenda.

For policymakers, the implication is straightforward. Development should be recognised as contributing to the UK's long-term security, but it should not be designed solely to advance its short-term security interests. Preserving the integrity of development is not in tension with national security; it is one of the conditions under which development can make its strongest contribution to it.

## THE GEOPOLITICAL DIMENSION

There is a further reason why development matters to the UK's national interest. It is not simply a tool for reducing instability; it is an instrument of statecraft. In an increasingly competitive international environment, development finance, humanitarian assistance, and long-term partnerships shape influence just as surely as military capability or trade.

Other powers have understood this. China has used infrastructure finance and long-term investment through the belt and road initiative to deepen political and economic relationships across much of the developing world. Russia, meanwhile, has expanded its influence in fragile states through a combination of security partnerships, political support, and the provision of military contractors, particularly across the Sahel. The methods differ, but the strategic logic is the same: sustained engagement creates influence.

The question for the UK is not whether to replicate these approaches. It should not. The UK's comparative advantage lies in building trusted partnerships, supporting effective institutions, and working through multilateral cooperation. But influence cannot be maintained through rhetoric alone. When the UK reduces its development presence, it leaves fewer opportunities to build the long-term relationships that underpin diplomatic influence and international credibility.

That has implications beyond bilateral relationships. The UK's ability to shape international development and humanitarian policy depends not only on the quality of its ideas but on the credibility of its commitments. Influence within multilateral institutions is strengthened by sustained engagement and weakened by retrenchment. As ODA falls, the UK's ability to shape the rules, priorities and partnerships that define the international system risks diminishing alongside it.

The strategic question, therefore, is not simply how much the UK spends on development, but what role it intends to play in the world. At a time when others are investing in long-term influence, stepping back from development is not a neutral choice. It is a decision to reduce one of the principal means through which the UK projects values, builds partnerships, and advances its interests abroad.

## A WAY FORWARD

The first step is to reject the false choice between them. Security is not strengthened by weakening one capability to finance another when each addresses different dimensions of the same challenge.

But strategy is only as effective as the institutions that deliver it. Recognising the value of development is not enough if the capability to design and implement it has been allowed to erode. Effective development requires specialist expertise, long-term partnerships, and the ability to plan beyond immediate diplomatic and political pressures.

Viewed through that lens, the abolition of the Department for International Development weakened an important part of the UK's national security architecture. Bringing development into the Foreign, Commonwealth and Development Office created opportunities for greater policy coherence, but it also reduced institutional autonomy and specialist capacity. Long-term development objectives increasingly competed with short-term foreign policy priorities, making it harder to sustain the preventative work on which lasting stability depends.

The ISF should be judged against a simple test: does it help prevent tomorrow's conflicts as well as respond to today's? If the answer is no, it is no longer fulfilling the purpose for which it was created. Restoring conflict prevention as a core pillar of the ISF would mean reinstating dedicated support for civilian peacebuilding, including women, peace and security programming, alongside the hard security priorities that have understandably grown in recent years. It would also mean funding peacebuilding in a way that reflects how peace is actually built: through sustained engagement over years, with enough flexibility to respond when opportunities for dialogue and settlement emerge.

The broader principle is straightforward. The UK does not need separate security strategies for defence, diplomacy, and development. It needs institutions capable of bringing all three together while preserving the distinctive contribution each makes. The task is to integrate these capabilities strategically while allowing each to do the job it is uniquely equipped to perform. That is what a modern national security strategy should look like.

## TWO SIDES OF THE SAME COIN

The choice between defence and development is a false one, and increasingly costly one. Underinvest in defence, and the UK becomes less able to deter aggression and protect its interests. Underinvest in development, and the UK becomes more likely to confront instability only after it has become a crisis.

The challenge for Labour is therefore larger than restoring aid budgets or increasing defence spending. It is to articulate a broader understanding of security itself: one that recognises military strength, diplomacy, and development as complementary capabilities rather than competing priorities.

The UK has the foundations to do this well. It retains credible armed forces, respected diplomatic institutions, deep development expertise, and enduring international partnerships. The question is whether it has the political confidence to use these strengths together, rather than treating them as separate conversations competing for scarce resources.

The post-cold war era is over, and the assumptions that shaped it no longer hold. The question is not whether the UK can afford to invest in defence and development. In a more dangerous world, it cannot afford to neglect either.

# THE RESILIENT STATE: RETHINKING FISCAL RULES FOR THE 21ST CENTURY

**Bobby Dean MP**
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## THE WORLD HAS CHANGED

**Tamagotchis and Tupac. Gameboys and girl power. Floppy discs and fiscal rules. These are the things we remember from the booming 90s.**

**Ok, well maybe not fiscal rules. But this was around the time the world started to adopt them formally.[1] Back then, we were living in a relatively peaceful world. Energy was cheap, and globalisation seemed to be driving growth everywhere. The rules were set to maintain that momentum.**

**But that momentum halted. Crisis after crisis. Shock after shock. The same interconnectivity that drove progress now leaves states feeling incredibly exposed.**

Great powers have taken advantage of this fragility and sought to dominate and coerce those with less power into their sphere of influence. Middle powers have had to face up to a choice. Do they concede as cowards and accept that an era of great powers has returned? Do they naively insist that the system of the last 30 years can survive? Or do they bravely seek to build a new system?

One key reform is necessary if we are to meet this challenge and make systemic change: the reform of fiscal rules – a central part of modern macroeconomic governance. Fiscal rules remain necessary and, in many cases, need to remain tight. However, how they drive different types of spending must change.

## HOW RULES CURRENTLY WORK

What we term fiscal rules vary from country to country and over time. However, there are at least two commonalities across sets of fiscal rules – one is categorical, and the other is temporal.

Categorically, an accounting distinction is usually made between resource and capital. We treat spending on wages and services differently from spending on infrastructure and assets. For a long time, this made sense. In an age of industry, capital investments in physical assets, such as roads, buildings, and equipment, were clearly

1. For a brief intro to the history and design of fiscal rules, see the introduction to this paper from the Swedish central bank: Lindgren, M., & Nilsson, C. (2025). Fiscal rules and debt in the 21st century: A brief overview. *Sveriges Riksbank Economic Review,2.* https://www.riksbank.se/globalassets/media/rapporter/pov/artiklar/engelska/2025/250910/2025_2-fiscal-rules-and-debt-in-the-21st-century-a-brief-overview.pdf

more likely to produce returns and stimulate growth. Accordingly, how fiscal rules treat borrowing for such assets is usually more generous.

However, in the 21st century, where highly developed nations hold well-established stocks of assets – if a bit weary or dated – the marginal impact of such investments is not what it once was. Furthermore, when you consider so many long-run threats to public financial health being related to health, skills, and institutional capacity, it's no longer clear whether investment in those areas should be treated as mere consumption.

What this means is that, in every middle power nation, there are likely to be low-returning capital account projects pursued at the expense of high-returning revenue account projects, all because our borrowing rules are not sophisticated enough to understand real public value.[2]

We also need a better temporal approach. A common feature is that the rules are assessed over a short to medium period of up to five years. Again, this makes sense. Forecasting is very difficult and the degree of uncertainty that must be factored in, even after a few years, can make the process feel pretty futile.

But in an age when global shocks are likely to become more, not less, common and have such profound impacts on the public finances, is it really good enough to say this is too difficult to do?

Of course, forecasting is hard. Of course, long-run forecasts will often turn out to be wrong. But the aim of a fiscal forecast is not to make an exact point estimate of where the debt-to-GDP ratio will be in five, 10, or 20 years; it's to help us work out whether today's policy decisions are putting us on a sustainable path over time. If we simply ignore long-term risks and impacts, then our budgeting is doomed to fail anyway.

The good news is that institutions, like the Office for Budget Responsibility (OBR) in the UK, already produce analyses of long-term spending pressures.[3] The task now is to find an elegant way to incorporate them into the formal fiscal management framework so, instead of just being relegated to an interesting session of the Treasury committee, we see chancellors respond in their budgets to what these long-term fiscal assessments warn about.

2. Plenty of nations, including the UK, have dipped into capital allocations to plug gaps in revenue in the past. Clearly, when done in a disorderly way, this is unproductive too. What we require is a better definition of what good looks like.

3. Office for Budget Responsibility. (2025). *Fiscal risks and sustainability*. https://obr.uk/frs/fiscal-risks-and-sustainability-july-2025/

## FISCAL RULES FOR RESILIENT STATES

For middle powers to thrive in the 21st century, we need better fiscal rules designed to incentivise and discipline spending towards productive investment and risk-mitigating measures. They should be built on three pillars: debt sustainability, resilience contribution, and long-term planning.

First, on debt sustainability. This proposal is not simply an elaborate way to justify greater borrowing. There are many proposals to change fiscal rules that say things like "states should exempt defence spending" or make special allowances for other important things. This ignores the reality of borrowing on international markets.

The bottom line is that bond markets will make a broad economic assessment of a state's economic potential and overall pathway to controlling its debt. Indeed, if strict-sounding rules are in place but are rarely delivered upon, then this will be taken into consideration as well.

Each state needs to consider what true debt sustainability looks like to them, examine a range of factors, and set the overall framework accordingly.[4] The changes to the fiscal rules I am proposing could exist within a tight or loose framework.

A tight framework can maintain strict constraints on day-to-day spending and an aggressive stabilisation or falling pathway for the debt-to-GDP ratio. A looser framework may make a long-run assessment that some upfront borrowing will reduce future liabilities. Markets already price in exposure to potential shocks, so this would not be new from their perspective. It is on those states to make credible plans, whichever their pathway.

The central point is that the changes I am proposing are not about tightening or loosening fiscal policy but disciplining all spending towards building a more resilient future. It should dictate what money is spent on more than how much is spent.

For many middle powers, a tight framework will remain necessary for the foreseeable future. But the cycle of tight constraints followed by worsening conditions and subsequent calls for further tightening will continue to worsen problems unless sharper focus is put on the "what" money is spent on.

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4. For some ideas on the broader range of factors that could give a clearer picture of true fiscal sustainability, see the Institute for Fiscal Studies' recent paper calling for a traffic lights system to replace narrowly defined quantitative targets: Zaranko, B. (2026). *From fiscal rules to fiscal traffic lights: Rethinking the UK fiscal framework*. Institute for Fiscal Studies. https://ifs.org.uk/publications/fiscal-rules-fiscal-traffic-lights-rethinking-uk-fiscal-framework

For instance, lots of middle powers are grappling with rising welfare bills – much of which is paid out directly to the sick, elderly, and out of work. A resilience-adjusted framework may force states to channel more spending into preventative investments instead of higher payouts, meaning net public spending could remain constant in the short run but reduce fiscal pressures over the long term.

Assessing the resilience contribution of public spending will not be easy; proposals are bound to be contested. Especially when the traditional boundary of "revenue spending equals consumption, capital spending equals investment" is removed. It's essential that fiscal watchdogs evaluate whether the government's forecasted returns or risk mitigations are reasonable.

It would be better if this independent check were not singularly determinative in a pass-fail manner. One of the more reductive things that has happened to public policy debate in recent years is the idea that economic forecasting is a scientific endeavour, absent from social and political judgements. I back the idea of a Fiscal Policy Committee with a diversity of views to appraise the direction of travel for debt sustainability.[5]

At the heart of these assessments should be whether the state is becoming more resilient over the long run. This assessment should be agnostic about revenue vs capital spending, as there should be an understanding that there are more and less resilience-enhancing measures within each accounting category. For instance, maintenance and repair of existing infrastructure may not have better long-term value than a preventative health programme.

It is clear a great deal of political judgement will be involved in such decisions. Governments should not shy away from that. Independent watchdogs can provide reassurance about the coherence and rigour of a proposal. But it is governments that must have the conviction of their beliefs to pursue what they think is right. Voters and markets will judge their performance thereafter.

The third and final pillar is the need for a resilience-adjusted framework to take account of the long run. This should be defined as at least 10 years, with longer-term modelling desirable but with reduced weight due to heightened uncertainty.

5. See the New Economics Foundation's proposal for a fiscal policy committee comprised of fiscal referees:
Van Lerven, F., Stirling, A., & Prieg, L. (2021). *Calling time: Replacing the fiscal rules with fiscal referees*. New Economics Foundation. https://neweconomics.org/2021/10/calling-time

THE CONVERSATION NEEDS TO SHIFT FROM "WHAT CAN WE AFFORD TO BORROW NOW?" TO "WHAT INVESTMENT DO WE NEED TO MAKE TO BE BETTER OFF TOMORROW?"

Markets and fiscal responsibility will still demand shorter-term assessments. These can be made with a higher degree of certainty and can help maintain a year-to-year grip on public finances. But these assessments must sit alongside formal longer-term assessments, so that today's finances are not balanced at the expense of tomorrow's.

By formally bringing  the forecasted impact of demographic and climate change into the fiscal framework, governments can be scrutinised for their lack of investment and mitigation in these areas.

Critically, an assessment should also be made of a state's exposure to shocks at the top of the risk register, including energy, health, and conflict-related shocks. A monetary value should be assigned to the impact of a potential shock, with adjustments made before and after government policy measures. This exercise defines resilience as a macroeconomic category to be managed, reflecting the reality of a highly interconnected, volatile world. The UK's Climate Change Committee recently showed that the economy-wide cost of a 2022-style shock to oil and gas prices is as high as the entire cost of achieving net zero by 2050 – so why does the current fiscal framework make it harder to invest public money in clean energy while ignoring our exposure to volatile fossil fuels?[6]

Similarly in healthcare. Short-term assessments may focus on efficient allocation of resources to run a health system day-to-day. The Covid-19 pandemic showed this up to be a system without any room to give. Faced with surging demand, health systems buckled, and the consequences for public finances persisted well after the pandemic was deemed over.

It is probable that health pandemics will become more common in the future. We have had two energy shocks in less than five years. The prospect of climate-related shocks is increasing, and when it comes to conflict, both conventional and cyber, it already looks like middle power states are behind where they need to be. Couple

6. Climate Change Committee. (2026). *Supplementary analysis of the seventh carbon budget*. https://www.theccc.org.uk/wp-content/uploads/2026/03/Supplementary-analysis-of-the-Seventh-Carbon-Budget-7439yr0294u43ur034r02i.pdf

these shocks with the well-telegraphed demographic challenges of an ageing population and skills shortages, and their fragility looks like failure.

The long-term assessments are not a substitute for daily discipline in managing the public finances. But by sitting alongside the short-term assessments at a state's primary fiscal event, it should drive better decision-making from governments and make for a more sophisticated and perspective-widening public policy debate in the aftermath.

## WHY MIDDLE POWERS?

For a long time, globalisation and the rules-based order that underpinned it were presented as somehow neutral. A combination of self-correcting markets, free trade, and international diplomacy would lead to peace and prosperity for all.

In reality, this world order was underwritten by the US. It could afford to do it with the power of its reserve currency, giant domestic market, and military dominance. But as other great powers grew, that order began to feel like a constraint, and the temptation to gain geopolitical advantage by throwing around their hegemonic weight proved too much.

The middle powers benefited from the stability of the previous order. While they may wish to return to its comforts, the prospect of the US agreeing to underwrite it again anytime soon feels remote. The temptation may be to accept the world has changed and curry favour within it. But that would lack courage. Instead, the middle powers need to learn to create their own stability where they can and build resilience where they can.

To do this requires a commitment to remaining open but not naïve. Liberal, not lax. Market-driven, not market worshipping. Cooperating and competing in equal measure. Each state has the responsibility to build its resilience, to ensure that it can develop competitive advantages, and to do so in a coordinated manner with like-minded states.

This coordination should extend to new forums for developing ideas, sharing best practice, and aligning monitoring and evaluation tools for this new resilience-based framework.

The UK has the opportunity to lead this change. It has outsized influence already in macroeconomic governance, with great global respect for the likes of the Bank of England. Specialised forums like the Coalition of Finance Ministers for Climate Action[7] are already sharing expertise and developing joint solutions on exactly these topics.

The UK has a great chance to be a bold voice and lead from the front. It can use its influence as the host of 2027 G20 summit, and through long-running macroeconomic institutions like the International Monetary Fund, the World Bank, and the Organisation for Economic Co-operation and Development. Like post-war Keynesianism, or the build-out of a free public health system, the UK can implement new economic models at home and lead the world in changes that benefit democracy and social prosperity.

## RESILIENCE IS PROSPERITY

As middle powers adapt to the unstable challenges of the 21st century, the route to prosperity is through delivering long-term resilience.

The conversation needs to shift from "What can we afford to borrow now?" to "What investment do we need to make to be better off tomorrow?"

For many states, this will have to mean spending better rather than necessarily borrowing more. But the bottom line is that states that underinvest are more exposed to future shocks, and the markets will be watching.

Productivity remains central to creating growth. States can never lose sight of that. But resilience is the key to preventing shock-related losses; states ignore that at their peril.

7. The Coalition of Finance Ministers for Climate Action brings together fiscal and economic policymakers from over 100 countries. https://www.financeministersforclimate.org/

# THE UK AND THE FUTURE OF GLOBAL DEVELOPMENT RESOURCES

**Fleur Anderson MP**
Member of Parliament
for Putney

**Global development needs are growing, driven by climate change, conflict, displacement, and deepening economic instability, at precisely the moment when aid budgets are shrinking across much of the world. We cannot allow the debate to be framed simply as a question of how we divide up a shrinking pot. The challenge is bigger than that. We need to think strategically and long term about how we grow the overall pool of development resources and ensure it reaches the places where it is needed most.**

The question is no longer simply how much aid the UK gives, but whether we are willing to help shape a global system that is currently failing the poorest people in the poorest countries.

The UK has both a moral and a strategic interest in international development. Not charity, and not a rhetorical commitment for international summits, but serious engagement with the systems that determine whether countries can build stable economies, functioning public services and resilient institutions, all of which bear directly on our own security. From Ukraine to the escalating instability in the Middle East, recent events have shown how quickly events reverberate through energy markets, disrupt food systems, and drive migration flows. Fragility, conflict, displacement, and climate shocks do not remain neatly contained within borders. They affect us all.

The previous Conservative government oversaw a sustained dismantling of the UK's development infrastructure: cutting the aid budget from 0.7% to 0.5% of gross national income (GNI) and abolishing the Department for International Development, one of the most respected development institutions in the world. The result was a smaller, less coherent, and less trusted development offer.

We must also be honest that this Labour government has made a further significant reduction, temporarily lowering aid spending to 0.3% of GNI in response to mounting fiscal and geopolitical pressures. Those pressures are real. The need to strengthen our national defence demands serious answers. But retreating from development commitments is ultimately a false economy. A more unstable world will not become safer because wealthy countries disengage from tackling the conditions that drive instability in the first place.

None of this is abstract to me. I spent much of my career in development and saw these dynamics first-hand in Serbia, Bosnia, and Kenya, where I witnessed the impact of patient, long-term investment. And, in campaigning for debt relief, I've seen just how much progress can be achieved when we make the case boldly.

What we need now is a more confident and strategic approach that restores a strong and focused aid programme while also recognising that aid alone has never been sufficient to build a fairer, more stable world. The UK should once again play a leading role in shaping the wider development finance system, through debt relief, multilateral reform, action on illicit finance, support for domestic resource mobilisation, and smarter use of public institutions to direct capital towards development goals.

## A SYSTEM FAILING THOSE WHO NEED IT MOST

The problem is not a lack of money in the global system. It is that the system is structurally failing to direct that money towards the countries and communities that need it most.

Official development assistance (ODA) is in retreat. Preliminary Organisation for Economic Co-operation and Development (OECD) figures show that aid from major donor countries fell by more than 23% between 2024 and 2025, the largest single-year fall on record.[1] At the same time, aid is becoming less predictable and increasingly shaped by domestic political pressures rather than global need.

In the UK, the headline decline understates the reality. A growing share of what counts as aid never leaves the UK at all, instead being spent on domestic asylum accommodation. The UK now spends over two-and-a-half times more ODA per asylum seeker than any other G7 economy. By 2027, in-donor costs are expected to leave the UK's external development spending at roughly 0.24% of GNI, a record low.[2] Supporting refugees matters, but using ODA to fund "asylum hotels" is both inappropriate and overly expensive. The current position represents a failure of policy at home and abroad.

While private capital flows continue to increase, with development institutions mobilising record levels of private finance, they are flowing overwhelmingly towards lower-risk and middle-income economies. Capital inevitably flows towards predictability and return. Left to themselves, markets will not direct investment towards the highest-need environments, where risks need to be taken. That means the countries most exposed to shrinking aid budgets are also the countries private finance is least likely to reach.

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1. OECD. (2026). *A historic decline in foreign aid: Preliminary 2025 ODA data.* https://www.oecd.org/en/data/insights/data-explainers/2026/04/a-historic-decline-in-foreign-aid-preliminary-2025-oda-data.html

2. Chappell, L., Hughes, S., Mitchell, I., (2025). *Aid for asylum hosting: Time to act.* Institute for Public Policy Research and Centre for Global Development https://www.ippr.org/articles/aid-for-asylum-hosting

At the same time, many of the poorest countries are being squeezed by rising debt burdens and shrinking fiscal space. Around 3.4 billion people now live in countries that spend more on debt interest payments than on either health or education.[3] These are not abstract fiscal statistics. They are decisions about whether governments can build schools, employ nurses, or invest in climate resilience.

There is a growing temptation to respond to these pressures by using aid as a lever for mobilising private investment through blended finance and de-risking mechanisms. In principle, these instruments can play a role. In practice, they too often direct scarce concessional resources towards commercially viable sectors and lower-risk markets where investors were already willing to operate. Public money ends up subsidising private returns in middle-income economies, while fragile states remain bypassed.

I saw this tension play out within a single country during a visit to Kenya. British International Investment is funding the greening of public infrastructure in Nairobi, a programme that is good for the economy, communities, and the environment. At the same time, funding to the Dadaab refugee camp has been cut to the bone. The same country, and yet two entirely different outcomes. That is the system operating exactly as its incentives dictate: directing capital towards safety and return, and away from risk and need. Aid is retreating. Private capital is clustering in middle-income economies. And the countries left furthest behind are precisely those where the consequences of underinvestment are most severe: fragility, displacement, humanitarian crisis, and instability that ultimately spills across borders.

## WHAT AID IS ACTUALLY FOR

We must be clear about what aid is for.

ODA is not simply another financial instrument; its legal purpose is poverty reduction. That matters because ODA remains the only form of finance specifically designed to reach the places and people no market logic will serve. Its primary purpose must remain core development in the least developed states. That focus should not be diluted by commercial objectives, migration management, or investment mobilisation dressed up as development.

3. UNCTAD. (2025). *A World of Debt Report 2025*. https://unctad.org/publication/world-of-debt

We must also recognise the distinction between humanitarian response and long-term development. The government is right to prioritise fragile and conflict-affected states, but that focus must mean more than crisis response alone. Humanitarian aid is indispensable. It saves lives and stabilises emergencies. But it cannot by itself build the institutions, economic opportunity, and governance capacity that allow countries to move beyond fragility.

Nowhere is this clearer than in conflict resolution and peacebuilding. I have heard the evidence directly through my work on the foreign affairs committee: short-term funding cycles and decisions made at late notice are actively detrimental to peacebuilding work.

Experience in countries like Sierra Leone and Liberia has shown that sustained engagement over many years can support genuine transitions out of fragility. But that requires patience, predictability, and long-term partnerships. Short-term shifting priorities have damaged the UK's credibility internationally as much as the reductions themselves.

## A LONG-TERM FRAMEWORK

The UK should commit to a rolling 10-year framework for development spending, with a credible pathway back towards 0.7% of GNI. Labour's manifesto was clear: we are committed to restoring development spending to that level when fiscal circumstances allow. The task now is to set out a plan that makes that commitment real, not an aspiration deferred indefinitely.

The importance of the 0.7% commitment, enshrined by the International Development Act 2015, was never simply the number itself. It was the signal it sent that the UK understood development requires sustained investment. Development should be treated like science, research, and development spending, ie as a long-term strategic investment that requires stability across political and fiscal cycles. No one expects breakthroughs in science or leaps of innovation to emerge from short-term funding settlements and repeated revisions. Development is no different. Building health systems, strengthening institutions, and helping countries move beyond fragility are projects measured in decades, not spending review cycles.

A 10-year framework would allow for gradual restoration while maintaining flexibility during periods of economic or geopolitical shock. The path back should be staged, with steady increases and built-in pause points where temporary pressures make rises unrealistic. What matters are not mechanical annual targets, but establishing a credible long-term trajectory that partner governments, multilateral institutions, NGOs, and local organisations can plan around.

Part of that long-term approach must also involve a more coherent settlement on in-donor refugee costs. The government has rightly moved away from the previous model in which the Foreign, Commonwealth and Development Office (FCDO) acted as spender and saver of last resort for wider government pressures, with sudden Home Office overspends or underspends triggering short-notice revisions to overseas programmes. That change is welcome, but stability alone is not enough. As asylum accommodation costs fall over time, there must be a clear and strategic mechanism to reallocate those resources, starting with the 2027 spending review. A gradually declining cap on the proportion of ODA that can be spent on in-donor refugee costs, over the course of the 10-year framework, would entrench that principle: rewarding reductions in emergency accommodation spending by returning the savings, predictably and transparently, to overseas development priorities. To reduce accommodation costs, the Ministry of Housing, Community and Local Government (MHCLG) Capital Grants Programme could be accelerated, with a greater use of housing associations to provide more appropriate accommodation and facilitate a more rapid end to the use of asylum hotels.

## RESHAPING THE SYSTEM

Aid alone, however, cannot carry the weight of global development finance. The UK should once again play a leading role in shaping the wider international financial architecture.

That begins with domestic resource mobilisation. The most sustainable source of development finance is always domestic revenue. Strong tax systems and effective public financial management allow governments to fund services, invest long term, and become more accountable to their own citizens. The UK has genuine expertise to contribute here, particularly in tax administration, transparency, and digital systems.

But we should also be honest about the limits of that frame on its own. Much of the world's private wealth is concentrated not in low-income countries but in the global north. That points towards broader questions explored elsewhere in this collection about redistribution within the international economy: how wealth is taxed globally, how multinational corporations are regulated, and how richer countries contribute more fairly. Domestic resource mobilisation matters enormously, but it cannot do that work alone.

Development is also about what countries lose. Illicit financial flows drain billions from developing economies every year through tax evasion, corruption, hidden ownership structures, and criminal finance. This is not simply a governance problem in the global south. Illicit finance requires destinations as well as sources, and many of those destinations sit within wealthy countries. The UK's illicit finance summit later this year provides an opportunity to move beyond rhetoric towards genuine transparency and enforcement. Development becomes impossible when public wealth can so easily disappear into private secrecy.

Debt is equally central to the challenge. Across much of the developing world, governments are trapped between servicing existing debts and funding basic public services. I saw the power of debt justice campaigning firsthand through my work with the Jubilee Debt Campaign in the early 2000s. At the time, large-scale debt cancellation was often dismissed as unrealistic. Yet what once appeared politically impossible became reality through sustained international campaigning and political will, helping secure the cancellation of around $100bn of debt for some of the world's poorest countries. This reminds us that the international financial system is not fixed. Political choices can effect change.

Today, however, debt restructuring mechanisms remain slow, fragmented, and creditor-driven. The UK has a particular responsibility, with around 90% of low-income-country sovereign debt covered by the common framework governed under English law.[4] The UK should use that position to support faster and fairer restructuring processes; greater participation by private creditors; and debt contracts that include automatic shock absorbers for climate disasters, pandemics, and conflict.

Multilateral development banks must also be part of the solution. Institutions such as the World Bank are among the few mechanisms capable of operating at the scale the climate and development transition now requires pooling risk across countries and leveraging finance far beyond what bilateral aid alone can achieve. The UK should use its shareholder influence to support reforms that expand lending capacity, strengthen concessional finance, and enable greater long-term investment.

Finally, a reset strategy requires refreshed institutions capable of delivering it. A commitment delivered through a well-resourced,

4. Debt Justice (2025) *Parliamentary Briefing: The lower-income country debt crisis and the Debt Relief (Developing Countries) Bill*. https://debt-justice.org.uk/wp-content/uploads/2025/07/The-lower-income-country-debt-crisis.pdf

strategically coherent institution is worth considerably more than a commitment fragmented across Whitehall or managed by an overstretched department.

> I SPENT MUCH OF MY CAREER IN DEVELOPMENT AND SAW THESE DYNAMICS FIRST-HAND IN SERBIA, BOSNIA, AND KENYA, WHERE I WITNESSED THE IMPACT OF PATIENT, LONG-TERM INVESTMENT.

Restoring a revived development department, with a protected mandate, dedicated leadership, and the expertise to match its responsibilities, is not a nostalgic argument. It is a practical recognition that strategy requires structure and ambition requires capacity. With the Department for Energy Security and Net Zero rightly focused on our own domestic transition, a revived development department should take the lead on international climate adaptation and mitigation, because we cannot respond to the global climate crisis with action in the UK alone. An invigorated Department for Development and International Climate Action would signal renewed global leadership.

The debate on development too often falls into two camps: preserving the current aid system exactly as it is or abandoning it altogether in favour of markets and private investment. Neither reflects the realities of the world we face today.

The challenge now is not simply to defend what remains of the old model, but to create something stronger, more strategic, and fit for purpose. That means pursuing a more ambitious agenda: restoring a focused and reliable aid programme, reforming the wider global financial architecture, and recognising development for what it is – a long-term strategic investment in global stability and shared prosperity.

Labour has always understood that building a fairer world is not an act of charity but of strategy. It may well be the right thing to do, but it is also the smart thing to do. We need now to match our values with our ambition, and our ambition with a plan.

# REVITALISING THE COMMONWEALTH: A COMMON FUTURE IN AN AGE OF UNCERTAINTY

**Emily Darlington MP**
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**As Mark Carney, the Canadian prime minister, argued at Davos in January this year, we are entering a world in which middle powers and democratic nations can no longer simply rely on old assumptions. But, he argued, the intermediate powers like Canada and Britain are not helpless. Rather we "have the capacity to build a new order that encompasses our values, such as respect for human rights, sustainable development, solidarity, sovereignty and territorial integrity of the various states[1]."**

Around the world, the assumptions that have shaped international politics for generations are being challenged. Competition between great powers has returned with the growing rivalry between the US and China reshaping global trade, technology and security. Russia's aggression has demonstrated the continuing threat posed by authoritarian powers while climate change is intensifying instability. Democracies are increasingly under pressure both from external actors and from internal forces that seek to undermine trust, institutions and social cohesion.

As a starting point for this new world, the UK retains a remarkable but underused asset.

Britain's colonial legacy was deeply painful, but in its aftermath was created one of the most extensive and diverse international networks ever assembled: the Commonwealth. Today, it brings together 56 countries, home to more than a third of humanity, stretching across every inhabited continent and encompassing some of the world's fastest-growing economies.

While its recent history has sometimes been disappointing, in the past the Commonwealth has played an important role in adding what Jawaharlal Nehru, the first prime minister of India, described as "a touch of healing" to the process of decolonisation.[2]

It helped mobilise opposition to apartheid, promoted and propagated democratic norms among its member states, supported the rule of law and was a hugely influential voice on climate action long before many recognised the scale of the challenge.

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**1.** Carney, M. (2026). *Davos 2026: Special address by Mark Carney, Prime Minister of Canada*. WEF.
https://www.weforum.org/stories/forum-institutional/davos-2026-special-address-by-mark-carney-prime-minister-of-canada/

**2.** Nehru, S.J. Prime Minister of India, in a speech to the Constituent Assembly, New Delhi, 1949, taken from https://thecommonwealth.org/commonwealth-at-75

Yet decades of political neglect, underinvestment and diminished ambition have left the organisation struggling to fulfil its potential.

Democracy, equality, human rights and the rule of law are social democratic values, they are Labour values. The Commonwealth, founded on those values as enshrined in its charter, is an organisation deep rooted in those Labour values. These are the values under threat worldwide by forces that seek to divide us and exploit vulnerability.

AT ITS BEST, THE COMMONWEALTH HAS BEEN POLITICAL AND ACTED AS AN HONEST DIPLOMATIC BROKER BETWEEN COMPETING INTERESTS, HELPING BUILD CONSENSUS WHERE OTHER INSTITUTIONS HAVE BECOME PARALYSED.

The government could accept the gradual drift and decline of the Commonwealth and consign it along with other trappings of past empire to the history books. But at a time when we need new forms of multilateralism with reliable partners, a more imaginative choice would be to help revitalise a modern, effective and future-focused Commonwealth, that continues to stand up for cherished values on the global stage.

I believe that the government should reject pessimism. That it should view the Commonwealth, not as a mechanism for aid and development, but instead recognise its political and diplomatic value, and reverse the slow starvation of resources and political agency.

## A COMMON PAST

As a former secretary general of the Commonwealth once said, it is the only multilateral on the planet where everybody sat around the table will get your joke. This very human understanding of each other goes beyond treaty or regulation, it is the intangible asset at the heart of the Commonwealth and why it has continued despite its many challenges.

It is rooted in shared history, shared language and blended cultures, shared institutional understanding and, crucially, a shared commitment to democracy, the rule of law, human rights and mutual respect. Those commitments have allowed countries with vastly different peoples, geographies and economic circumstances to often find common ground.

At its best, the Commonwealth has been political and acted as an honest diplomatic broker between competing interests, helping build consensus where other institutions have become paralysed. The organisation's role in opposing apartheid remains one of its defining achievements.[3] It demonstrated that a coalition of large and small states, acting together around shared values, often against the opposition of the UK government at the time, could help shift the course of history.

Yet the Commonwealth has not always lived up to its values.

Too often it has failed to hold member states accountable when democratic standards have been undermined. Human rights abuses have frequently been met with silence or private diplomacy rather than principled public action. Critics have rightly argued that the organisation has sometimes become more concerned with preserving consensus than defending the values that justify its existence.

The Commonwealth secretariat itself has increasingly struggled to define its role. As resources have dwindled and its inherent tensions grown, it has often found itself managing problems rather than shaping solutions.

Let's also be honest that under New Labour, the Commonwealth was increasingly seen through the lens of development and aid delivery, rather than political agency. The organisation shifted away from its earlier role as a diplomatic and political convener, focused on what member states collectively contributed to the Commonwealth. Instead, attention moved towards what individual states received from it. As the economic power of Commonwealth states has grown, it has weakened the sense of solidarity and mutual political ownership, often reinforced by a paternalistic attitude from the wealthier ABC members (Australia, Britain and Canada). This reduced the Commonwealth's role as a political association into an often ineffective development bureaucracy competing for relevance alongside far larger, better funded and more powerful institutions.

The result is an organisation that remains rich in potential but diminished in confidence.

This is not an argument against the Commonwealth, but rather an argument for collective revitalisation. A return to a more collaborative and political institution focused on collective action, growing of democratic strength and accountability in a world more hostile to the Commonwealth member states core values.

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3.The Commonwealth. (2017). *From the Archive: Sanctions agreed against apartheid-era South Africa*. https://thecommonwealth.org/news/archive-sanctions-agreed-against-apartheid-era-south-africa

And no serious discussion about the Commonwealth's future can avoid the questions about shared history. The Commonwealth emerged from the British empire, a history that undoubtedly contains exploitation, injustice and profound suffering.

There are many questions about reparative justice, historical accountability and the lasting effects of colonialism to the present day - in institutions and in the distribution of wealth and power. If the UK is to continue to show leadership in the Commonwealth it cannot shy away from conversations about these realities.

But this cannot be an exercise in national self-flagellation, simply defensive deflection or about assigning inherited guilt. Such conversations must be about building relationships based on honesty and a shared prosperous future.

The Commonwealth's future legitimacy will depend in part on a mature partnership and a willingness to confront uncomfortable truths and an ability to engage seriously with its past.

## COMMON CAUSE

The rapid change to our world is having an impact on all Commonwealth countries that is not always benign. Across the world China has been aggressively expanding its economic influence through infrastructure investment, lending and strategic partnerships. Russia has sought influence through security relationships, disinformation campaigns and support for authoritarian actors.

These and other emerging powers are increasingly competing for access to natural resources, political influence and strategic positioning. Too often this can result in pushing against the sovereignty and self-determination of smaller, less powerful states.

The Commonwealth can provide an alternative to this shift towards acquisitive great power politics. It is a uniquely valuable forum through which the principles of democracy, equality, human rights and the rule of law, values that form the bedrock of the association, should be advanced and protected.

This is not a question of forcing member states into simplistic choices between competing blocs, Most Commonwealth countries are understandably seeking strategic autonomy. But the Commonwealth is a place to make the argument that citizens, communities, businesses and governments have a shared interest in strong institutions that support transparency, accountable government, human rights and the rule of law.

That common wealth is built, not by acquiescing to great powers, but by cooperation between equal partners.

The Commonwealth contains advanced economies, emerging powers, small states and vulnerable nations. It brings together countries that experience the consequences of global challenges in very different ways, allowing solutions to be shaped and shared by practical experience, relationship and negotiation.

## COMMON PURPOSE

The UK cannot reinvigorate the Commonwealth alone and nor should it try.

For too long, the perception has been that the Commonwealth is steered in the interests of its richest members. Britain, Canada and Australia all need to commit to a different role from the paternalistic assumptions that too often characterised previous eras. Leadership from the government in this context must instead mean collaboration and solidarity.

The UK remains the largest contributor to the organisation, hosts the secretariat and retains considerable diplomatic influence. But our credibility in the modern Commonwealth will depend on our vision going forward, not on our history.

That vision should be one of convening rather than demanding, of enabling rather than directing.

That means listening carefully to the priorities of African, Caribbean, Pacific and Asian members. It means recognising that many of the Commonwealth's most dynamic voices now come from outside the traditional centres of power. And it means accepting that revitalisation will only succeed if it is genuinely co-owned by the entire Commonwealth family.

The Commonwealth should not be viewed as an extension of British foreign policy, but rather as a network through which member states pursue shared interests and shared solutions.

## COMMON VALUES

If the Commonwealth is to thrive, it must be willing to stand for its values without fear or favour.

The organisation's unique purpose lies in its commitment to democratic values which are enshrined in the Commonwealth charter.[4] Britain needs to urgently work with other member states to ensure that the charter and its values are upheld even when that may be difficult, and especially when more powerful members appear to breach them.

That means strengthening democratic norms, including through expanding robust election monitoring and support for the rule of law, and giving renewed force to the Commonwealth ministerial action group (CMAG).[5] Developing credible and consistent responses to persistent violations of Commonwealth principles through the CMAG should be a foundation of any renewal of the Commonwealth. Membership must carry responsibilities as well as benefits.

We should not accept the premise that this is imposing Western values or liberalism upon member states. Commonwealth members have voluntarily signed up to these values and so holding everyone accountable, including Western members, is not an act of neo-imperialism; but an expression of that mutual commitment.

The Commonwealth's future relevance will depend on its willingness to defend the principles that distinguish it from purely transactional alliances, especially if that challenge comes from within.

## COMMON VISION

However, talk of values and accountability is not enough. If the Commonwealth is expected to do that hard work of mediating disputes, supporting democratic institutions, building capacity and convening global coalitions, it will require resources rather than warm words and flowery communiques.

The secretariat currently operates on a remarkably small budget relative to the scale of its membership and mandate, or in comparison to other multilateral institutions.

Britain should support and encourage a coalition of wealthier and middle-income member states in supporting a programme of reform explicitly tied to investment. Funding should be linked to outcomes, transparency and effectiveness, with the aim not of a larger bureaucracy but a stronger institution.

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4. Commonwealth charter https://thecommonwealth.org/charter

5. The CMAG is the custodian of political values in the Commonwealth and responds to any serious or persistent violation such as the abrogation of constitutions, suspension of parliaments, alleged election irregularities, denial of political space, undermining of the judiciary or the rule of law, human rights abuses, or restrictions on the media and civil society. It can suspend membership.

At a time when many multilateral organisations are struggling to adapt, the Commonwealth has an opportunity to become more agile, more focused and more relevant. Creating a reformed and revitalised secretariat as a hub for democratic resilience, climate cooperation, digital governance and conflict prevention.

## COMMON WEALTH

The economic case for the Commonwealth is substantial, but it is not simply the glorified trade club that some in the UK have recently sought to paint it as.

The so-called "Commonwealth advantage" is real. Shared legal systems, language, business practices and institutional familiarity reduce barriers to trade and investment with tangible positive economic impact. But if we simply focus on current commercial advantage and convenience we will miss the new opportunities for creating common wealth across the membership.

The transition to a low-carbon economy will create enormous demand for critical minerals, including lithium, cobalt, nickel and rare earth elements. Many Commonwealth countries possess significant reserves of these resources, while others possess world-leading expertise in finance, technology and advanced manufacturing. Equitable partnership in these areas between Commonwealth countries will create real economic advantages.

Similarly, Commonwealth nations remain major producers of agricultural goods that will become increasingly important in a world facing climate stress and food insecurity.

A revitalised Commonwealth could help build more resilient supply chains, strengthen food security and support sustainable economic development across member states.

But economic cooperation must reinforce Commonwealth values. Trade should support decent work, environmental sustainability and inclusive growth. Partnerships should be based on mutual benefit rather than dependency.

Our aim must not be to create a nostalgic trading bloc, but to build a modern economic network capable of supporting prosperity in a rapidly changing world.

## A COMMON FUTURE?

Revitalisation will not be easy and will require political courage, diplomatic patience and institutional reform. It will demand leadership from many countries, not just Britain. Perhaps in the emerging global order the UK's greatest contribution may be to demonstrate that influence in the twenty-first century is built through partnership, trust and credibility rather than hierarchy or great power politics.

In this moment when Britain's global role is being redefined, the Commonwealth offers a rare source of strategic coherence. Few international institutions bring together such a diverse range of nations on formally equal terms. Few possess such extensive networks across government, business and civil society. Few have such potential to bridge regions, generations and cultures. In an age of growing instability, democratic nations need institutions that can build resilience, foster cooperation and defend shared values. With support and reform, the Commonwealth can be one of those institutions.

In a century increasingly likely to be defined by uncertainty, that would not simply be an act of institutional renewal, it would be an investment in a more cooperative, more democratic and more hopeful and successful future for us all.

# ENERGY SECURITY IN AN AGE OF CONFLICT: WHY THE UK MUST LEAD A GLOBAL CLEAN POWER ALLIANCE

**Polly Billington MP**
Member of Parliament
for East Thanet

**The UK may have chosen to stay out of Donald Trump's disastrous war with Iran, but we cannot escape its consequences. The Strait of Hormuz – a narrow maritime chokepoint through which a fifth of global oil and gas passes – is once again a source of instability and economic pain. Households across the UK are  for another blow to their living standards, driven by our exposure to volatile bracing fossil fuel markets over which we have little control. This is the second such shock in just five years, with half of the UK's recessions since 1970 caused by spikes in fossil fuel prices.[1]**

But the UK is far from the only country vulnerable to the whims of global oil and gas markets and the hostile states that control them. The question is not whether the latest upheaval in the Middle East will impact countries around the world, but how quickly and how severely. Experts warn that even if the crisis in Iran is resolved swiftly, the economic consequences will play out over months and years, with many of the worst effects still to come.

For many nations – particularly net oil importers with high debt and stretched finances – oil price volatility is not simply an energy problem, but a threat to economic development and political stability. While the damage to advanced economies like ours should not be understated, the most devastating consequences will inevitably fall on the world's poorest.

Across the global south, rising import bills drain foreign exchange reserves, weaken currencies, and force governments into politically impossible choices: subsidise fuel or fund essential services like schools, hospitals, and food security. These pressures can quickly spill over into mass demonstrations and outbreaks of political violence. High inflation does not simply create hardship; it catalyses instability that drives migration and conflict, with consequences reaching far beyond national borders.

In an interconnected world, it would be foolish for wealthy countries to turn inwards and simply look after their own. The UK's supply chains are heavily reliant on countries like Bangladesh, Vietnam, and the Philippines. If spikes in fossil fuel prices push those economies into blackouts or recession, the consequences here will be inflation, disrupted imports, and economic instability.

1. Climate Change Committee. (2025). *The Seventh Carbon Budget, Advice for the UK Government.* https://www.theccc.org.uk/wp-content/uploads/2025/02/The-Seventh-Carbon-Budget.pdf

If the rich world tries to outbid poorer nations for dwindling fuel supplies, we risk a global race to the bottom where the poorest suffer first, but everyone suffers eventually.

Having worked first as a government advisor in the Department for Energy and Climate Change, and then as a passionate campaigner outside government for action to tackle the climate crisis, I have always believed that decarbonisation is the political cause of our age.

With growing conflict and the rise of authoritarianism and angry populism, the events of the last decade, have shown that decarbonisation is not just fundamental to tackling the climate crisis, but also for national and economic security. After all, homegrown renewables cannot be held hostage by dictators, petrostates, or erratic American presidents. The clean energy transition is no longer optional. It is fundamental to restoring global security at a time when it can feel like international events are spinning out of control.

## BRITISH LEADERSHIP IN THE ENERGY CRISIS AGE

This moment demands leadership with the same urgency we saw during the global financial crisis in 2008. As a government advisor at the time of the crash, I witnessed the scramble to prevent systemic collapse, and I remember my own scepticism when Gordon Brown convened G20 leaders to coordinate a global response. Yet he proved the doubters wrong and used the UK's unique position as a trusted convenor to shape international action, secure a plan, and avert a far deeper crisis.

The lesson of 2008 was clear: when a crisis is systemic, you cannot solve it alone. As soon as this ill-judged conflict began, I called for the prime minister to convene an International Energy Security Summit on the scale of Brown's G20 summit. This moment demands international coordination, not only to stabilise prices in the short term, but also to accelerate the transition away from fossil fuels.

The world has made impressive progress on climate cooperation over the last 30 years, but we remain far off target, with the irrational US-led backlash against renewable energy making further progress harder still. The failure of the too-little-too-late 2009 COP summit in Copenhagen underscored the challenge of getting global agreement on decarbonisation. And the 2015 Paris Climate Accord, while a major step forward, still put the onus on states to create their own targets and work towards them individually – an ever-more insufficient framework in an increasingly unstable world. New global instability requires a new international approach that focuses on how decarbonisation can deliver energy security through resilience and supply diversity.

That is where the UK must lead. We have the credibility in bringing countries together around this global mission, as a pioneer in offshore wind deployment, carbon budgeting, and climate diplomacy. Offshore wind now provides around a fifth of our electricity, while in 2025, we became the first major economy to switch off our last coal-fired power station.

This progress is already paying dividends. Analysis by Carbon Brief suggests that in the first few weeks of the Iran crisis, record wind and solar generation saved UK consumers £1.7bn in gas imports.[2] That is a remarkable national achievement, and one that deserves far more attention than it receives. The UK is perfectly placed to bring a global coalition together, with the run-up to our presidency of the G20 in 2027 a strong platform for us to lead from. We just need to seize the moment.

## BOLD ACTION TO BUILD A WORLD OF ENERGY SECURITY: SUPPORTING HOUSEHOLDS, INVESTING IN THE INFRASTRUCTURE OF THE FUTURE, AND SCALING UP FINANCE TO THE MOST VULNERABLE NATIONS

A global summit is nothing without an action plan. What do the UK and our allies need to do to weather this crisis and emerge from it more energy secure?

Key to the UK's G20 strategy should be reviving and strengthening the Global Clean Power Alliance as a political coalition capable of driving urgent, coordinated action.[3] The coalition should be built around a single guiding principle: protecting vulnerable populations while rapidly reducing all of our dependence on oil and gas.

What this looks like is a plan of action that delivers targeted support to help households and communities reduce energy demand and access cleaner energy; investment in grid infrastructure and distribution to unleash the revolution in renewables and electrification; and scaled-up finance for the most vulnerable countries.

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2. Carbon Brief (2026) *Analysis: Wind and solar have saved UK from gas imports worth £1.7bn since Iran war began* https://www.carbonbrief.org/analysis-wind-and-solar-have-saved-uk-from-gas-imports-worth-1-7bn-since-iran-war-began/

3. There are several credible and useful alliances and coalitions which the UK should and does engage with – Beyond Oil and Gas Alliance or the recent conference in Colombia on transitioning from fossil fuels. The Global Clean Power Alliance is a G20 initiative, and so is a useful vehicle for this moment. The point is less the forum or grouping, but using alliances to push for real action on the priorities set out in this essay.

THE CLEAN ENERGY TRANSITION IS NO LONGER OPTIONAL. IT IS FUNDAMENTAL TO RESTORING GLOBAL SECURITY AT A TIME WHEN IT CAN FEEL LIKE INTERNATIONAL EVENTS ARE SPINNING OUT OF CONTROL.

Households and communities struggle in the face of energy price shocks. Too often, governments respond with broad fuel subsidies that are costly, inefficient, and difficult to unwind. They also disproportionately benefit wealthier households that consume more fuel, as we saw with Liz Truss's open-ended and hugely expensive 2022 universal energy bill subsidy funded by irresponsible borrowing.

A more sustainable response would be to replace universal subsidies with targeted, time-bound income support directed at those who need it most. Such short-term relief must be paired with measures to reduce oil demand, including energy-efficiency programmes, transport electrification, and investment in affordable public transport. The goal should not be to make oil cheaper, but to make alternatives more accessible. The absolute worst thing to do during a fossil fuel price crisis is to stimulate demand; this only exacerbates shortages, sends prices upwards, and does nothing to reduce our vulnerability to future shocks.

Clean cooking deserves special attention because many households in developing countries use liquefied petroleum gas (LPG) for cooking. Around 30% of LPG passes through the Strait of Hormuz, compared to a fifth of oil and gas more broadly, leaving it highly exposed to global supply disruptions. The UK should therefore lead efforts to help households switch to cleaner sources of cooking fuel, which will protect them not just from this shock but from future shocks too.

The second major focus should be on the central infrastructure challenge of the energy transition: electricity grids and flexibility. Grids are now the primary bottleneck to scaling renewables and electrification. Governments should commit to scaling up new grid construction ahead of demand, not in response to it, and maximise existing grid capacity. We also need to rapidly scale up new distribution systems, so we can reduce energy losses, improve the financial stability of utilities, and enable greater integration. The UN is pulling together all UN agencies and the World Bank to focus on grid infrastructure, but most of the UN system is not engaged in operational support; there is a need for a coalition of states to drive progress.

Help should be targeted at those countries where the impact would be highest, such as countries that are highly dependent on oil imports, have weak finances and high debt burdens, and have excess renewable generation that is being lost because of insufficient grid infrastructure.

Finally, multilateral financial institutions must also find ways to scale up support for the most vulnerable countries. Countries such as Zambia, Somalia, Pakistan, Malawi, and Nepal are trapped between two crises: they can afford neither the investment required for the clean energy transition, nor continued dependence on imported oil. They would benefit most from debt relief tied to funding the energy transition, and the use of guarantees and risk-spreading mechanisms to raise private investment in renewable infrastructure. These actions will ensure countries are supported to shift away from fossil fuels, rather than just removing subsidies.

## CHOOSING LEADERSHIP

The truth is that clean energy is no longer simply the solution to climate change. It is the foundation of economic stability, national security, and global peace. The alternative is a world in which fossil fuels continue to drive instability, conflict, and economic crises. That future is not inevitable – but it is the future we will drift into if we fail to act.

Ultimately, the current oil price shock can either deepen global vulnerability or become a turning point. A coordinated response led by the UK could reduce global exposure to future price spikes, improve economic and political stability, accelerate the deployment of renewable energy, and tackle the climate crisis all at once.

This moment demands a generational shift in how we think about energy, one that matches the urgency of the 2008 financial crash. It requires political courage, strategic clarity, and international ambition. The UK can either retreat into a defensive crouch, hoping that future crises do not strike too hard, or we can choose to lead.

We should choose leadership.

# THE CASE FOR G20 COORDINATION OF WEALTH TAXES

**Liam Byrne MP**
Member of Parliament
for Birmingham Hodge Hill and Solihull North

**On Friday, 25 September 2015, the world came together at the UN headquarters in New York and agreed to create a different kind of world. The Sustainable Development Goals (SDGs) agreed that balmy Friday offered a vision of a planet where prosperity is shared more fairly, security is strengthened, and every human being has the chance not merely to survive, but to flourish. Yet with 1,700 days to go before the SDG deadline, seven giants now block the path to progress: want, hunger, disease, lost learning, conflict, debt, and climate change. And the truth is, in recent years, these giants have not been cut down to size. Many are growing taller.**

## TAX CODES ARE MORAL CODES

The world does not lack the resources to blast a path forward. But those resources are increasingly concentrated in the hands of the richest. Indeed, over the last 40 years, wealth at the very top has grown dramatically faster than either wages or the wider economy. In Europe, the wealthiest 0.1% owned roughly 8.5% of total wealth in the mid-1980s; today they control around 11% – almost four times the wealth held by the poorest half of society combined. But, in country after country, evidence now suggests that many ultra-high-net-worth individuals often face lower effective tax rates than ordinary workers and professionals.

Look no further than the tax return of the former UK prime minister, Rishi Sunak. Like all UK prime ministers, he published a summary of his earnings and the taxes he paid. His last declaration was extraordinary. A total of £2m in income. And a tax rate of just 23%. How? Because so much of his income was in the form of capital gains.[1]

Tax systems are not merely mechanisms for raising revenue. Tax codes are moral codes. They express what a society believes about obligation, contribution, and fairness. Democratic legitimacy itself begins to fracture when citizens conclude that prosperity is no longer governed by reciprocity.

That is why the debate about wealth taxation is so important.

1. For the full story and my proposals on wealth tax, see Byrne, L. (2024). *The inequality of wealth: Why it matters and how to fix it*. Head of Zeus.

## A G20 OPPORTUNITY TO LEAD

At the G20 in 2027, the UK has an opportunity to move this debate forward. This would be a statement of partnership to Brazil, which used its G20 to commission a report on the design of a global wealth tax, receiving the backing of all G20 countries at the time. It would also be a meaningful response to the initiative from the G20 presidency of South Africa, which commissioned leading experts, chaired by Joseph Stiglitz, to write on economic inequality. The UK – respected for institutional design and coordination – could capitalise on this momentum and help solve the problem of designing a tax that both works and helps transform domestic resource mobilisation in countries both rich and poor.

## WHERE TAXES GO WRONG

Designing a wealth tax is harder than many advocates admit. The failures of earlier European wealth taxes offer important warnings. The question today is not whether wealth should be taxed more effectively. The question is how to do so in ways that are economically credible, administratively workable, and politically sustainable.

Fortunately, the emerging work led by Gabriel Zucman and the EU Tax Observatory[2] points towards a new approach that is different from old models that failed.

Often these taxes had thresholds that were far too low. In Sweden and Norway, liability frequently began at levels equivalent to ordinary upper-middle-class housing wealth. This created predictable political resistance because households with valuable homes or small family businesses often lacked the cash flow to pay recurring annual taxes on paper wealth.

Second, governments managed this with exemptions and carve-outs. Business assets received special treatment. Unlisted shares were discounted. Family firms were partially exempted. Artwork and other holdings escaped valuation altogether.

The result was greater exposure for the broader middle class, while the genuinely ultra-wealthy increasingly structured their affairs to keep their wealth outside the tax base.

2. Zucman, G. (2024). *A blueprint for a coordinated minimum effective taxation standard for ultra-high-net-worth individuals*. EU Tax Observatory. https://taxobservatory.world/publication/a-blueprint-for-a-coordinated-minimum-effective-taxation-standard-for-ultra-high-net-worth-individuals/

Third, these systems were built before the era of modern financial transparency. Governments lacked today's tools for tracing offshore holdings, beneficial ownership, and cross-border financial flows.

The consequence was predictable. Revenues remained modest while political opposition intensified.

## A NEW FRAMEWORK FOR TAXING WEALTH

But the world of 2026 is not the world of 1986.

Today, tax authorities possess tools that earlier governments could barely imagine. Automatic exchange of financial information now operates across more than 100 jurisdictions under the Organisation for Economic Co-operation and Development (OECD) Common Reporting Standard. Beneficial ownership registers are expanding. Offshore secrecy has weakened significantly. According to the EU Tax Observatory, international transparency initiatives have already reduced offshore tax evasion by wealthy individuals by a factor of about three over the last 10 years.[3]

At the same time, the structure of elite wealth has become clearer. Modern billionaire wealth is not primarily held in family homes or savings accounts. It is concentrated in corporate equity, holding companies, and financial assets. Real estate typically represents only a small share of ultra-high-net-worth portfolios.

This changes the design challenge fundamentally.

The emerging Zucman framework – like the approach of the UK Wealth Tax Commission[4] – starts from a very different premise. Stop trying to build a traditional annual wealth tax on broad sections of society. Instead, target only the extreme apex of wealth where tax regressivity is now most severe.

That means very high thresholds – perhaps €100m or more in net wealth – combined with extremely broad tax bases and very limited exemptions.

3. Alstadsæter, A., Godar, S., Nicolaides, P., Zucman, G. (2024) *Global Tax Evasion Report 2024*. EU Tax Observatory. https://taxobservatory.world//www-site/uploads/2023/10/global_tax_evasion_report_24.pdf

4. Advani, A., Summers, A., & Chamberlain, E. (eds). (2020). *Wealth Tax Commission Final Report*. Wealth Tax Commission. https://www.wealthandpolicy.com/wp/WealthTaxFinalReport_ExecSummary.pdf

The objective is not to tax ordinary wealth accumulation, retirement savings, or family homes. It is to ensure that individuals controlling extraordinary concentrations of capital do not face lower effective tax rates than the nurses, engineers, teachers and managers whose labour sustains the economy itself.

This is where Zucman's most important innovation emerges.

Historically, wealth taxes operated as standalone annual levies on assets. Critics argued this amounted to double taxation because income had already been taxed once before being accumulated into wealth.

The modern proposal is different.

Instead of a standalone wealth tax, the proposal increasingly centres on a minimum effective tax floor for ultra-high-net-worth individuals. The principle is simple: total taxes paid each year should equal at least a minimum percentage of total wealth.

If taxes are already paid through income tax, capital gains tax, inheritance tax, and corporate tax exceed the threshold, no additional liability arises. But if an ultra-wealthy individual has legally structured their affairs so that their effective tax burden collapses towards zero, a top-up tax applies.

This is a profoundly important shift because it reframes the argument away from "punishing wealth" and towards defending the integrity of the tax system itself.

## BUILDING A WEALTH TAX THAT WORKS

A G20 approach to this, building on proposals by Zucman and others, would help with three key questions.

First are the thorny design issues. Designing a wealth tax requires answering difficult constitutional questions about residence, valuation, liquidity, and enforcement. Who exactly pays? Individuals or households? Denizens, citizens, or residents? How are trusts treated? What liabilities are deductible? What counts as wealth: pension funds, business equity, illiquid private companies, land awaiting planning permission? When should wealth be taxed: on transfer, on gains, annually, at death? And how do we ensure that "asset-rich, cash-poor" households are not forced into hardship simply to meet liabilities? These are serious design questions, not technical footnotes.

TAX SYSTEMS ARE NOT MERELY MECHANISMS FOR RAISING REVENUE. TAX CODES ARE MORAL CODES. THEY EXPRESS WHAT A SOCIETY BELIEVES ABOUT OBLIGATION, CONTRIBUTION, AND FAIRNESS.

Second is the challenge of managing capital flight. Mobility concerns must be treated very seriously. Wealthy individuals can relocate more easily than most citizens. As it happens, the evidence is more nuanced than political rhetoric often suggests. Empirical studies from France, Scandinavia, and the UK suggest that relocation effects exist, but are limited and concentrated among a relatively small number of highly mobile households.

The larger problem historically was not mass migration but the hollowing-out of the tax base through exemptions and preferential treatment. But governments are not powerless in the face of these risks. Policy options range from one-off exit taxes to the American model of citizenship-based taxation, where tax obligations follow nationality rather than residency.

A more balanced approach, however, may lie in the idea of a "trailing tax". Under such a system, ultra-high-net-worth individuals who have lived in a country for many years and accumulated very large fortunes there – for example, above £100m – would remain partially liable for tax for a fixed period after departure, perhaps five, 10, or 15 years. Crucially, they would pay only the difference between the tax owed in their new jurisdiction and the rate applicable in their original country of residence. The objective is not to punish genuine relocation, but to deter the strategic use of low-tax jurisdictions purely to avoid contribution. In other words, modern systems will require credible anti-avoidance rules. Exit taxes, trailing tax residency rules, and stronger international coordination will all become increasingly important.[5]

Third is the challenge of ensuring we do not disincentivise business investment. This is especially important for the UK because we have the second-lowest rate of investment in the G7, and an investment gap with our peers.

5. Varaschin, G., Parrinello, Q., & Zucman, G. (2025). *Wealth taxes and high-net-worth individuals in Europe: Five lessons for the twenty-first century*. Friedrich-Ebert-Stiftung/EU Tax Observatory. https://taxobservatory.world/publication/wealth-taxes-and-high-net-worth-individuals-in-europe-five-lessons-for-the-twenty-first-century/

The Productivity Institute estimates that the UK's capital gap – the stock of productive capital available to UK workers compared to selected peers – may now be as large as £2tn as of 2019.[6]

The case for confidently pursuing a wealth tax is that a modest minimum tax on extreme wealth – for example, 2% on fortunes above £100m – is unlikely to materially damage productive investment because the ultra-wealthy typically earn rates of return far above this level. My own instinct, however, is that these risks must be thoroughly tested; we may have to look at how countervailing action – through public finance institutions and incentives for institutional investment (ie those stewards of our collective long-term savings) – might be needed as a complement.

## THE FUNDAMENTAL CASE FOR ACTION

Perhaps the most critical question, however, is this: What choice do we have? Across economies, rich and poor, the fiscal pressures of the next two decades will intensify. Richer countries face challenges from rising defence spending. Climate adaptation will demand vast investment. Health systems face demographic strain. AI will likely produce both enormous wealth concentration and major labour market disruption simultaneously. In poorer countries, the giants blocking the road to the 2030 SDGs are unlikely to magically shrink. And in rich and poor countries alike, there is a wider question, not of envy, but of fairness.

For most citizens, tax is accepted not because people enjoy paying it, but because they believe contribution is shared. Once that belief collapses, democratic trust begins to erode. That is why this debate matters so profoundly.

The great challenge of democratic capitalism in the 21st century is not whether markets generate wealth. It is whether democratic societies retain the power to govern the consequences fairly.

The age of hyper-globalisation encouraged many governments to believe that capital had become essentially untaxable. That assumption is now breaking down. Modern transparency systems, international cooperation, and better economic evidence are reopening political choices that once appeared closed.

The question is no longer whether we can tax extreme wealth more effectively. The question now is whether democracies can afford not to.

6. Alles, T., & Zenghelis, D. (2025). *The UK's capital gap: A short-fall in the trillions of pounds that will take decades to bridge.* The Productivity Institute. https://www.productivity.ac.uk/wp-content/uploads/2025/05/PIP055-The-UKs-capital-gap-15-May-2025.pdf

# CLAMPING DOWN ON DIRTY MONEY AND CORRUPTION

**Joe Powell MP**
Member of Parliament
for Kensington and Bayswater

**Tackling illicit finance and corruption should be one of the great progressive causes of our time. Advanced and developing economies alike face a looming debt crisis and reduced fiscal space; the Sustainable Development Goals have an estimated funding shortfall of $4tn a year; and investment is needed in the energy transition. Yet it remains far too easy for autocrats and criminals to launder money that should be part of the solution. Rather than contributing to the tax base to invest in public services and stable economies for the future, dirty money fuels the drugs trade and other serious organised crime, exacerbates the housing crisis through its accumulation of property, and helps fund conflict from Russia's illegal invasion of Ukraine to devastating violence in Sudan.**

## THE UK'S CENTRAL ROLE

The UK has long had an interest in this problem because we are at the epicentre. New research from the Finance Innovation Lab estimates £325bn in dirty money flows through the UK each year, a figure which more than doubles when you include overseas territories like the British Virgin Islands and crown dependencies.[1] These sums of money suggest an intractably large problem, but there are concrete steps that should be taken to restrict these financial flows and mitigate the harms they are causing.

The Labour government has recognised the opportunity to build an international coalition focused on dirty money. It will host an illicit finance summit in late 2026 as part of a build-up to the G20 presidency. This is also when the UK has the presidency of the Financial Action Task Force and the Open Government Partnership, meaning there is a unique opportunity for global leadership.

Deputy prime minister David Lammy launched a campaign against kleptocracy in 2024 that has seen expanded anti-corruption and human rights sanctions, but the multilateral context is challenging. Tackling dirty money will always challenge vested interests at home and abroad. Bold action is needed.

An ambitious agenda would focus on three areas: anonymous-owned properties; tax-haven secrecy; and the professional enablers who turn a blind eye to dirty money or silence journalists attempting to uncover corruption.

1. Griffiths, J., Fagleman, D., (2026). *The UK's Dirty Money Problem: Estimating The scale of illicit flows in the UK financial system*. Finance Innovation Lab https://financeinnovationlab.org/wp-content/uploads/2026/05/Dirty-Money-report_Final-1.pdf

## END HOUSING DIRTY MONEY

Property is a good place to start. Major cities in many G20 countries are grappling with a common challenge. In my constituency of Kensington and Bayswater in London, 40% of the foreign-owned property is held in anonymous trusts: approximately 4,000 properties with hidden ownership, despite the introduction, after the invasion of Ukraine, of a register of overseas-owned properties. This major loophole incentivises more opaque ownership structures, which are only thrown open through leaks and investigations like the Panama and Paradise Papers. The tax lawyer Dan Neidle recently found that the ultimate owners of 45,000 properties worth an estimated £190bn are still hidden from public view.[2] I want London to remain open to investment, but at a bare minimum we should have full transparency over who owns what.

Baroness Margaret Hodge is currently leading a review of asset ownership in Britain, which is looking at property, alongside other high-risk sectors. That review could report in the coming months, and give a springboard to a UK-led international campaign to ensure that every property, no matter where it is, has a record of the ultimate owner. This would serve as a major disincentive to use London property as a safe-deposit box for dirty money. This would, in turn, remove a distortion in the housing market that has helped price out Londoners.

## ACTION ON TAX HAVENS AND SHELL COMPANIES

Alongside removing secrecy around property ownership should be a reinvigorated push for company ownership transparency globally. Shell companies have been likened to getaway cars for corrupt funds, with layers of anonymity making it harder to trace the actual owners and preventing law enforcement from following the money. The rise of cryptocurrency is making this work even harder.

The UK again has an outsized role in addressing this global problem. In 2016, we became the first major economy to commit to a fully transparent register of beneficial company ownership. Today, 104 jurisdictions have a live register (with varying degrees of openness), which allows tax authorities, investigators, and journalists to follow the money by understanding the true owners of companies who were previously anonymous. This is a little-known British success story in establishing a new global norm to fight economic crime, with the glaring exception of overseas territories and crown dependencies.

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2. Tax Policy Associates. (2026). *Who secretly owns Britain? The hidden offshore owners of £460bn of UK property*. https://taxpolicy.org.uk/2026/01/29/who-owns-britain-map/

IN MY CONSTITUENCY OF KENSINGTON AND BAYSWATER IN LONDON, 40% OF THE FOREIGN-OWNED PROPERTY IS HELD IN ANONYMOUS TRUSTS

Gibraltar has implemented open registers with no economic downside, showing it can be done, but almost every other territory has missed deadline after deadline to make progress, with the British Virgin Islands the worst offender. Transparency International UK found that over 90% of companies involved in corruption and money-laundering cases related to the overseas territories were incorporated in the British Virgin Islands, appearing in cases amounting to £250bn across 79 countries.[3] Most overseas territories have yet to set up a functioning register of the ownership of companies registered there. This is not an abstract problem; it is causing real harm all over the world and must be stopped. If needed, the UK government should impose this policy.

In a G20 context, a coalition of the willing to tackle tax havens and increase the transparency of company ownership would continue to keep the pressure up. More countries working together will also generate the information needed around global asset ownership, thus helping to create a network of linked registers that will make it much easier to follow the money.

## REGULATE THE ENABLERS

Finally, illicit financial flows and money laundering are only possible with the support of professional enablers, who create the complex structures to maximise secrecy and find a home for dirty money from all over the world. As their role is essential to making the system work, another pillar of a G20 agenda on corruption should be an initiative to bring proper regulation to lawyers, accountants, company service providers, and others who are at risk of handling dirty money.

I am delighted the Labour government committed to a new financial services bill in the 2026 king's speech that will tackle this issue head-on. Once in force, the Financial Conduct Authority will be responsible for all anti-money laundering regulation for at-risk professional services that previously self-regulated. This is a major step forward, as the current system relied on professional bodies who often lacked the expertise or incentive to enforce robust rules.

3. Mollat, M. (2025). *Seven years on the UK's offshore centres are still failing on transparency*. Transparency International https://www.transparency.org.uk/news/seven-years-uks-offshore-centres-are-still-failing-transparency

Other major financial centres will have their own regulatory landscape, but anti-money laundering efforts mustn't be restricted to banking and financial services alone.

Part of this enabling service is the role the legal profession can play in silencing investigations and aiding secrecy. The UK has a specific challenge with strategic litigation against public participation, aka Slapps. These aggressive legal actions have become notorious for attempting to silence journalists who are trying to uncover corruption. Some modest steps forward have been made in recent years but are nowhere near sufficient to tackle some of the most powerful law firms in the country that are experts in this type of lawfare. I know ministers are fully committed to stopping this abuse of power, and I hope they will find a legislative vehicle as soon as possible to make the necessary legal changes. It would send a strong signal ahead of the G20 that the UK is serious about preventing the manipulation of our legal system in favour of secrecy for those who have enjoyed impunity for far too long.

## TIME FOR BOLD ACTION

The problem of illicit finance is not just about the denial of much-needed capital for social services or the productive economy. Opaque dirty money has a material effect on our politics and democracy, and we should work with like-minded countries to keep dirty money out of our politics. There is surely no reason why political donations using cryptocurrency should be permitted, given the inherent difficulties in establishing the source of funds and making donor checks. The government has announced a moratorium on crypto donations in Britain, and it would be healthy for global democracy to build a coalition of countries to do the same.

Multilateral cooperation on corruption and dirty money, like many other progressive causes, has become harder in recent years. Autocrats and dictators depend on illicit finance for their own survival. It's how they steal from their own countries and build their patronage. But it is not an intractable problem. After Russia's illegal full-scale invasion of Ukraine in 2022, many countries did take action, including expanding sanctions against oligarchs supporting Putin, increasing transparency of foreign-owned property, and freezing assets. These measures have had an impact, but there is a lot more to do.

The UK is uniquely well placed to show global leadership on illicit finance and corruption in the coming 18 months. Bold leadership on this issue will resonate with voters at home who want to see cleaner politics and corruption rooted out of society. It would contribute to a fairer, more peaceful global society, too.

# POLLUTER-PAYS TAXES

**Ellie Chowns MP**
Member of Parliament
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**“If you make a mess, you’ll have to tidy it up!” For most of us, this simple principle was learned by the time we could stuff our toys back into the toybox. Why, then, have governments around the world been largely unable to apply this to the fossil fuel companies and other industries currently getting away scot-free with their polluting activities?**

## POLLUTION IS A BIG PROBLEM

First, it’s worth establishing that a very big mess has been made. Fully 99% of the global population breathes air that breaches World Health Organization pollution guidelines.[1] For countries that have data on treatment of industrial wastewater, we know that only 27% is safely treated.[2] Greenhouse gases polluting our atmosphere mean climate change is locked in; the World Meteorological Office recorded the last 11 years (2015–2025) as the hottest on record.[3] We are very close to passing the critical 1.5 degrees centigrade warming threshold. As Europe has just found out, this is not about long hot summers; it’s about disrupted transport, increased infections in hospitals, and people drowning as they try to cool off. This is a global crisis with tragic human consequences; the stakes could not be higher.

## THE LOGIC OF ‘POLLUTER PAYS’

And yet, companies that pollute don’t have to live with the consequences of their mess. Instead, their economic model treats pollution and environmental damage as externalities which don’t show on the balance sheet. Because polluters don’t pay the full cost of their production, there are huge profits to be made. These profits are private, while the pollution becomes everyone’s problem.

In addition, huge government subsidies are being given to polluters. According to Global Justice Now research, the fossil fuel industry receives £17.5bn in subsidies and other forms of support each year.

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1. World Health Organization. (n.d.). *Air pollution: Overview*. Retrieved 7 July 2026 from https://www.who.int/health-topics/air-pollution#tab=tab_1

2. World Health Organization. (2024). *Technical Document: Progress on the proportion of domestic and industrial wastewater flows safely treated – Mid-term status of SDG Indicator 6.3.1 and acceleration needs, with a special focus on climate change, wastewater reuse and health*. https://www.who.int/publications/i/item/9789240099081

3. World Meteorological Organization. (2025). *State of the global climate*. https://wmo.int/publication-series/state-of-global-climate/state-of-global-climate-2025

The combination of a) offloading environmental costs and b) sucking up subsidies means the fossil fuel industry makes obscene profits. The five biggest oil and gas companies made over $100bn in profits in 2023 and again in 2024.[4]

The polluter-pays principle dates back to at least 1972, when it was adopted by the Organisation for Economic Co-operation and Development (OECD) Council. Since then, it has been widely adopted globally and enshrined in domestic legislation by many countries. The principle is unambiguous. If an industry is destroying the environment, it needs to pay the costs of stopping the pollution and restoring the damage. As such, the polluter-pays principle has dual benefits: it incentivises the polluter to stop polluting, and at the same time it generates revenue for public benefits, including remedying the damage previously caused.
An important parallel to the concept of polluter pays is the reparative justice principle behind the loss and damage fund established at the COP27 in November 2022. This recognised the compensation due to communities facing irretrievable destruction from climate change, who do not bear responsibility for the pollution that caused it.

## THE URGENT NEED FOR POLLUTER-PAYS LEVIES THAT WORK

Despite the longevity of this principle, despite the climate emergency, despite the very real need for sources of development and climate finance, governments are a long way from effectively implementing the levies needed. Governments such as the UK government have significant financing requirements to invest in a just green transition and adapt to a changing climate. On top of this, we have responsibilities to contribute to helping lower-income countries adapt their own economies and support their citizens. A renewed focus on a suite of well-designed polluter-pays taxes is urgently needed.

All taxes have wider impacts, be they economic, social, or political. All can create unintended outcomes as behaviour changes to avoid them. Therefore, we should not be putting our hopes into one, large, singular tax. Instead, we should be balancing our levies across a wide range of sources: taxing polluting activities at source, taxing the investments in polluting activities, and taxing luxury forms of polluting consumption.

4. Bousso, R. (2024, February 7). Big Oil offers record returns to lure investors back. *Reuters*. https://www.reuters.com/business/energy/big-oil-offers-record-returns-lure-investors-back-2024-02-07/

In addition, to be most effective, the UK should be working to implement taxes in concert with other governments. The double injustice of the fossil fuel industry is how companies use international corporate tax rules to shift their profits from the countries they extract from into tax havens, thereby depriving citizens of vital revenues. Global tax reform and multilateral action are needed if global companies are to truly feel the costs of their actions.

Finally, it's important to address the critique that extra taxes are passed on and increase energy prices for ordinary people already facing energy price shocks and a broader cost-of-living crisis. Households should be protected, but not by continuing to subsidise energy companies and stimulate demand for fossil fuels. With wider sources of revenue coming from polluter-pays or wider wealth taxes, the government can intervene directly to reduce taxation on domestic energy bills.

When it comes to the exact levies to propose, there is no shortage of compelling and well-researched options.

## TAXING CARBON, FOSSIL FUELS, AND THEIR PROFITS

Taxing fossil fuels and their carbon emissions – the primary sources of climate change – is an obvious place to start. Unlike some taxes, which are designed to create a sustainable source of revenue, the ultimate aim of these taxes should be to hasten the end of fossil fuels or carbon emissions altogether.

In line with several European countries,[5] the Green Party supports implementing a carbon tax at an initial rate of £120 per tonne of carbon dioxide equivalent (CO2e), rising to a max of £500 per tonne within 10 years, to make it cheaper for the emitter to reduce emissions rather than pay the tax. Not only would this bring in an estimated £80bn in revenue over the course of the parliament, but it would also lower carbon emissions substantially.

There are alternative designs which aim to keep fossil fuels firmly in the ground, rather than tax their emissions. The climate damages tax is a fee on the extraction of each tonne of coal, barrel of oil, or cubic metre of gas, calculated at a consistent rate based on how much CO2e is embedded in the fossil fuel. Not only has it been estimated to generate revenue in the billions, it is also designed to ratchet up, by $5 per tonne of CO2e each year, thereby progressively disincentivising the extraction of fossil fuels in the first place.

5. Sweden, Switzerland, and Liechtenstein.

Further proposals aim directly at the profits of fossil fuel companies. A group of tax justice and development finance organisations proposes applying a 20% polluter-pays surtax to the global profits of fossil fuel companies.

BECAUSE POLLUTERS DON'T PAY THE FULL COST OF THEIR PRODUCTION, THERE ARE HUGE PROFITS TO BE MADE. THESE PROFITS ARE PRIVATE, WHILE THE POLLUTION BECOMES EVERYONE'S PROBLEM.

## TAXING AVIATION

Just 1% of the world's population accounts for almost 50% of global emissions from commercial air travel. Furthermore, as a report from the Global Solidarity Levies taskforce points out, premium flyers are responsible for an outsized share of aviation emissions[6] and the premium aviation sector is growing rapidly.

When we talk about extra taxes on aviation, we're not talking about making the average family holiday prohibitively expensive. Instead, we're talking about raising revenue from frequent flyers, premium flyers, and private jets. Tax reforms proposed by New Economics Foundation and Possible in their 2025 Flying Fair report[7] – including new charges on luxury travel, long-haul travel and "ultra-frequent flyers" – could reduce UK carbon dioxide emissions from aviation by 28% and bring in tax revenues of £6bn annually. Interestingly, their research shows that such ultra-frequent flyers are not executives taking business trips; the vast majority are flying for leisure.

## A 'GREEN' FINANCIAL TRANSACTIONS TAX?

The Green Party has long supported the idea of a financial transactions tax (FTT, Tobin Tax, or Robin Hood Tax). Most often this is conceived as a measure to raise significant revenue, while placing some regulatory impact on the financial sector. A tiny tax, often proposed at 0.05%, placed on financial transactions (trading in equities, currencies, etc., which are traded at very high frequencies) becomes a source of predictable, stable finance for public goods.

6. Blom, M., Boerdijk, S., Meijer, C., and van Seters, D., (2025). *A fair share from Aviation Solidarity levies in aviation: Options for a coalition of the willing.* CE Delft https://solidaritylevies.org/app/uploads/2025/06/Aviation-study-FINAL.pdf

7. Chapman, A. (2025). *Flying fair.* New Economics Foundation. https://neweconomics.org/2025/05/flying-fair

There are good reasons, however, to consider an FTT as a possible polluter-pays tax. The FTT would be able to raise enormous sums specifically because of the outsized scale of financial activity in our economies. This financialisaton, in the words of Gunther Capelle-Blancard from the Sorbonne Economics Centre, "has indirectly exacerbated environmental degradation by promoting short-termism, fostering instability and volatility, encouraging unsustainable resource exploitation, and contributing to social inequalities that hinder effective environmental transition".[8] And the UK is one of the most financialised economies in the world.

## HOW TO SPEND IT

The Treasury tends to avoid hypothecating (or earmarking) taxes for certain purposes, preferring the flexibility to spend as it sees fit. However, there are good reasons for establishing some transparency and accountability around polluter-pays taxes. As this money would be raised in the name of combatting pollution and tackling climate change, public trust and support would be heightened were this direct link maintained right through to spending.

The UK's "polluter" role as a high-income industrialised country means we have a responsibility, established through the United Nations Framework Convention on Climate Change (UNFCCC) process, to provide climate finance to help low-income countries reduce their own emissions and adapt to a changing climate, and to compensate them for the loss and damage already locked in. A reasonable starting point therefore could be to split revenues 50:50 between the investment and adaptation needed in the UK (including in the just transition), and globally pooled finance such as the Green Climate Fund or Fund for Responding to Loss and Damage.

As official development assistance (ODA) is being brutally cut by the UK and other donor countries, the beauty of this polluter-pays approach is that it replaces a model based on charity with one based on solidarity and reparative justice.

## SEIZING GLOBAL OPPORTUNITIES

The UK could, and should, implement any one of these levies unilaterally. However, it would be more effective to seize the opportunities that exist to work with others.

8. Capelle-Blancard, G. (2025). *The case for a green financial transaction tax*. Centre d'Economie de la Sorbonne, UMR 8174. https://solidaritylevies.org/app/uploads/2025/10/Green-FTT.pdf

The multilateral system may not seem a good place to push for progressive change at the moment, as major powers engage in economic coercion and the US actively represses action on climate change. But look beyond Donald Trump, and there is real progress to be built on.

The UN is currently negotiating a Framework Convention on International Tax Cooperation. This is the first time tax matters of this scale are being decided in a global forum of equals, and represents a real opportunity to establish an international tax system for sustainable development. The UK should give its full support to the convention and use it to establish a global tax on fossil fuel companies' profits.

There is also progress being made in more "coalition of the willing" arrangements, such as the Global Sustainability Levies Task Force, co-chaired by Barbados, France, and Kenya, which is researching and proposing different levies following the polluter-pays principle. Notably, they are starting to mobilise countries to act in concert to move ahead and establish new levies. Eight countries launched the Premium Flyers Solidarity Coalition in 2025, agreeing solidarity levies on first-class and business-class tickets, and private jets. The UK would be a significant member of this grouping and could use its forthcoming G20 presidency to highlight such initiatives and spur more G20 engagement.

## CONCLUSION

Our hope of limiting climate change depends largely on removing economic incentives to pollute. At the very least this means removing all subsidies and other forms of corporate welfare enjoyed by fossil fuel companies. But on top of that, we have to be clear-sighted about the real cost of fossil fuels, and work to ensure that that cost is borne by those who seek to profit from polluting. We need to raise the cost of careless luxury consumption such as ultra-frequent flying or private jets. We need to incentivise a financial sector that supports long-term investment, not high-frequency casino capitalism. And alongside all this, we need to raise billions for climate action at home and abroad. The UK therefore needs to show up – at the UN, within coalitions of the willing, and during its G20 presidency – and work with others to make polluters pay.

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